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NEWS SUMMARY

GENERAL

Dragnet for 'bomb car'

Police launched a huge man-hunt in south-east England after a police officer had been shot at from a car which is believed to be associated with the IRA bombings.

The white Opel was spotted by a policeman in the Farnham area of Surrey. He pursued it, the driver turned into a factory entrance, stopped and the passenger fired a shotgun at the police car.

The Opel — registration number APU 827S — then drove off. The area was immediately saturated with police checking every building, road blocks were set up and police helicopters circled overhead.

Bombs exploded in five Ulster hotels last night. In one blast, at Dungannon, eight people were slightly hurt.

Israel-Egypt talks soon

Israeli Foreign Minister Moshe Dayan and Egypt's Prime Minister Mustapha Khalil are to meet in Brussels this weekend in an attempt to break the impasse on peace talks, according to a report on Israeli radio. Back Page

Lebanon's southern port of Tyre was bombed and strafed by Israeli aircraft in a reprisal raid against Palestinians following the two bombs that have been placed in Jerusalem in the past week. Page 3

Inquiry probes train crash

Transport Secretary William Rodgers announced a public inquiry into the train crash near Brighton on Tuesday night in which three people were killed and seven injured.

The crash, in which one train ran into the back of another, came in the wake of a series of delays on the London-Brighton line.

The driver of the Belfast-Dublin express died when it ploughed into a stationary train outside Belfast.

Iran scandal

More than 100 prominent Iranians, including two Royal princes and several relations of the Shah, have been named by the public prosecutor as having illegally transferred large sums of money abroad in recent months. Page 3

PM's warning

Mr. James Callaghan made it clear to Labour's National Executive that he would not tolerate any Ministers dissenting from Cabinet policy in talks over the next election manifesto. Back Page

Pope censored

Polish authorities have censored a Christmas letter of greetings sent by Pope John Paul II to his former diocese in Cracow. References to Poland's patron saint were cut, reducing chances of a Papal visit next May to celebrate the saint's feast day.

Fast bowling

As England's cricketers went two-up in the Test series against Australia, the Sydney Daily Telegraph devoted the top half of its front-page to a mock advertisement for batsmen under the heading: Positions vacant—men and boys.

Briefly . . .

U.S. and the Soviet Union began the new round of Strategic Arms Limitation Talks (SALT) in Geneva. Page 2

Guyana police clashed with demonstrators demanding an inquiry into the Jonestown massacre.

Carmen Franco, only daughter of the late dictator, was fined Ptas. 6.8m (about £47,000) for smuggling jewels.

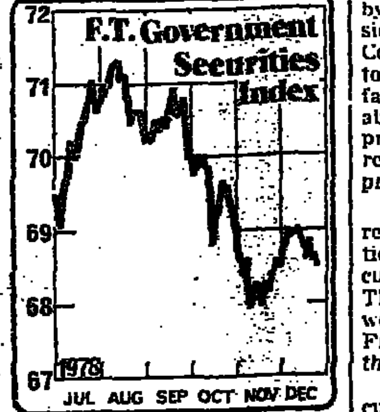
West German Cabinet approved a draft law giving mothers six-months paid holiday after giving birth.

BUSINESS

Equities gain; gilts easier

● THE F.T. ordinary Index gained 2.1 to close at 478.2 in quiet pre-Christmas trading.

● GILTS were slightly easier and unaffected by U.S. interest rate fears. The Government Securities Index closed 0.11 down at 68.49.



● STERLING gained 10 points to close at $2.0110 with its trade-weighted index unchanged at 63.3. The dollar's trade-weighted depreciation widened to 9.8 per cent (9.5).

● WALL STREET closed 3.81 up at 793.66 on a further modest rally.

● GOLD was steadier in London to close $¼ lower at $215¾-216. In New York the Comex December settlement was $215.10 ($220.80).

● NATIONAL Coal Board pension fund is holding talks to make its first property investment in the U.S.—purchase of First National of Atlanta's 41-storey headquarters in Atlanta, Georgia. Back Page

● BRITISH PETROLEUM has been given Government approval to start developing the Magnus field in the North Sea, the deepest yet drilled there. Back Page

● DAIRY FARM profits improved sharply last year, according to a Milk Marketing Board survey. Page 31. Sir Henry Plumb, retiring National Farmers Union president, has joined board of Fisons. Page 9

● BUILDING construction orders in October rose for the third month running, to £851m, according to Department of the Environment provisional figures. Page 6

German steel strike spreads

● I G METALL, the West German trade union, plans to widen its strike in the country's steel industry now in its fourth week. The decision follows the breakdown of mediation efforts by the North Rhine-Westphalia Labour Minister. Page 2

● GROWTH RATE of British exports to West Germany slowed considerably during the first 10 months of this year, at 15.1 per cent up on the 1977 figure, figures from the Federal Statistical Office show. At the same time, West German exports to the UK rose by 16.2 per cent. Page 4

COMPANIES

● BOC INTERNATIONAL announced a decline in final-quarter pre-tax profits from £21.8m to £17.7m, leaving the full-year figure to September 30 lower at £66.5m, compared with the previous year's peak £82.2m. Sales advanced from £0.67bn to £1.2bn. Page 24 and Lex

● SCOTTISH and Newcastle Breweries reported a downturn in pre-tax profits from £22.1m to £21.57m for the six months to end October. This was in spite of higher turnover — £207.5m against £194.47m. Page 25

● NATIONAL Mutual Life Assurance Society reached record levels of life assurance and pensions business. New annual premium business as a whole rose by 68 per cent to £4.85m, against £2.88m. Page 24

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:			Record Ridgway ...	56	+ 4
A. B. Electronic ...	164	+ 9	Sotheby P. B.	336	+ 6
Bank of Ireland ...	417	+ 10	Standard Chartered	438	+ 6
Blue Circle	265	+ 5	Thorn Elect.	365	+ 5
Carr's Milling	68	+ 2	Tube Invs.	381	+ 5
Christies Intl.	151	+ 5	Conzinc Riotinto ...	274	+ 6
Clifford (C.)	118	+ 4	Libanon	442	+ 11
Electrocomponents	335	+ 5	M.I.M. Holdings ...	193	+ 5
Harris (P.)	80	+ 4	FALLS:		
Milletts Leisure ...	123	+ 3	Clark (M.)	144	− 5
Mills and Allen Intl.	232	+ 4	Edbro	201	− 23
Nova (Jersey)	40	+ 2	Edwards (L. C.) ...	24	− 2
Rank Org.	246	+ 6	Scottish Newcastle	61	− 2

French demands for farm policy changes may delay EMS

BY MARGARET VAN HATTEM IN BRUSSELS

The introduction of the European Monetary System on January 1 could be delayed because of determined French efforts to push through changes in the Common Agricultural Policy.

France is demanding that Monetary Compensation Amounts should be phased out by a given date. MCA's are subsidies and levies paid by the Community on intra-EEC trade to offset the fact that German farm prices are 10 per cent above the theoretical common price level as a result of currency fluctuation, and French prices 10 per cent below.

On Monday France quietly reserved its position on introduction of the EMS until the agricultural problems are solved. The changes desired by France would raise farm prices in France and the UK, and cut those in West Germany.

Herr Josef Ertl, German Agricultural Minister, bluntly refused to consider the French demand, and was supported by the EEC Commission. The Commission maintains that changes in the monetary system associated with the agricultural trade should only be made during the annual farm price review.

The talks were broken off yesterday morning without the issue being solved.

The talks had concerned the application of the EMS to the CAP and, specifically, the use of the new European Currency Unit for common farm prices.

EEC heads of Government, at their Brussels summit in early December, had instructed their Agriculture Ministers to clear the way for the ECU to be used for common pricing from January 1, that is, immediately upon the introduction of the EMS.

The present yardstick for calculating common prices, the unit of account linked to the central rates of the snake (the European joint float), is to be abandoned.

The French resent the size of the subsidies paid to German farmers. Their move to phase out MCAs is an attempt to force lower farm prices on the unwilling Germans, while raising their own. Although the French action appears to have taken other EEC Governments by surprise, it is widely regarded in Brussels as a bluff.

But President Giscard d'Estaing of France is under considerable pressure from the French farm lobby. It is also felt that he needs concessions on the agricultural front to make EMS palatable to the French electorate and his own coalition.

The German Government is heavily committed to the introduction of EMS, so the French appear to believe that they are in a stronger bargaining position now than they would be after its introduction.

The opposition of the EEC Commission and most other EEC governments to the rapid phasing out of MCAs means the French have little chance of getting all they are demanding. It is suggested, however, that they may be prepared to settle for a firm commitment to take some action towards dismantling MCAs in the next farm price review.

However, any attempt to do this is likely to bring strong opposition from other EEC governments such as Britain, for whom the elimination of MCAs would bring a 27 per cent rise in farm prices.

Mr. John Silkin, Agriculture Minister, said yesterday: "There can be no question of our agreeing to phase out MCAs while the common price remains so

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What it means for farm trade Page 31

Thousands riot in protest at Mrs. Gandhi's arrest

BY OUR FOREIGN STAFF

THOUSANDS of supporters of Mrs. Indira Gandhi were arrested throughout India yesterday after violent demonstrations, including an airliner hijacking. They were protesting against Parliament's decision to jail the former Prime Minister.

Two men armed with guns and hand grenades hijacked a Boeing 737 carrying 132 people on a domestic flight, and demanded Mrs. Gandhi's release. Throughout the country tens of thousands of demonstrators clashed with police, went on strike, burned buses and derailed a train.

One Bombay policeman was detained in hospital after he was doused with petrol, and his clothes set on fire. Police recommended the calling-off of the second test match with the West Indies because of the violence. Four people were reported dead after the riot.

On Tuesday, the Lower House of Parliament jailed Mrs. Gandhi for the rest of the parliamentary session after finding her guilty of a breach of privilege. She was also expelled from membership of the House.

Mr. Moraji Desai, the Prime Minister, who is already having to cope with a serious split in his ruling Janata Party, yesterday faced the backlash as crowds of Mrs. Gandhi's Congress Party supporters took to the streets, urged by their party to "fill the jails."

The protests were more effective in the south of India where Mrs. Gandhi draws most of her support. In Bangalore, capital of Karnataka, widespread violence involved teargas attacks by police.

In the north, the Congress Party call for a general strike in Bombay and Poona was virtually ignored but there were large demonstrations.

Mrs. Gandhi meanwhile spent a quiet night in a heated room equipped with a television set at Tihar Jail in Delhi.

Janata party leaders feel that the demonstrations were largely orchestrated, and could not be sustained.

During the day, Congress members prevented the Upper House of Parliament from carrying out any business. The Congress majority in the House wants a debate on a motion alleging corruption charges against the son of Mr. Desai.

The move could delay other important business, in particular, the Bill which would establish a special court to try Mrs. Gandhi and her suporters on charges arising out of the Shah Commission's report on "excesses" during Mrs. Gandhi's rule.

An extension of the session, which is due to end in a few days, would mean longer imprisonment for Mrs. Gandhi.

Pay deal price pledge by Ford

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

FORD HAS given a formal undertaking to the Price Commission that it will not pass on in price increases more than 5 per cent of the recent 17 per cent pay award.

The commission said last night this constituted "a responsible approach to setting prices in 1979."

Giving a clear hint about how it will treat companies which move outside the Government's 5 per cent pay guidelines, the commission added it expected others "to follow the Ford example."

The commission has decided not to intervene to prevent Fords going ahead with a 4.92 per cent price increase for cars, trucks and tractors next month.

The costs claimed by Ford in support of this increase did not contain any element arising from the recent industrial dispute or the pay award which followed it.

The Commission said: "In reviewing the grounds for the proposed increase, the commission was satisfied that Ford would have been able to establish legal entitlement to the full amount of the increase under the regulations safeguarding basic profits.

"Therefore, the increase could not have been blocked by any action of the commission."

Ford added Sir Terence Beckett, its chairman had said last month that, if all went well, the pay increase would mainly be self-financing and that the group would not pass on more than 5 per cent. during the period of the current wage agreement.

The new prices take effect on January 2. Examples of changes are: Fiesta 950 up from £2,260 to £2,361; Escort Popular two-door 1100cc up from £2,253 to £2,363; Cortina four-door 1600cc L up from £3,242 to £3,388; Capri 1300L up from £3,180 to £3,335 and Granada 2.8 automatic up from £6,254 to £6,536.

● Government figures show half of recent pay settlements are within 5 per cent while CBI says there is little pressure for big rises. Back Page. Public sector rises are likely to bend the limit. Page 7

Dispute puts all BBC TV off air

By Pauline Clark, Labour Staff

ALL BBC television programmes were blacked out last night as members of the corporation's biggest union went on strike in a row over the use of freelance filming units.

The Association of Broadcasting Staff called its first major indefinite stoppage in spite of several hours of talks with management.

Mr. Tony Hearn, general secretary, said afterwards that there was little prospect of either BBC-1 or BBC-2 programmes being resumed while the deadlock continued, and no talks had been fixed for today.

Transmission of all programmes stopped at 5.45 pm. A BBC announcement was shown, saying that the corporation regretted that no programmes would be transmitted last night because of industrial action by the ABS, and that service would resume as soon as possible.

Earlier, news was read without film after ABS members refused to process a freelance film of the previous night's London to Brighton train crash. The film processors were suspended, and the ABS called out the rest of its members in sympathy.

Frustration

The problem arose out of the technicians' overtime ban imposed by the union because of frustration at lack of progress over a pay claim.

Because the ban allows only 42 hours of work a week and not more than 12 hours a day, the BBC's staff was not available to film the crash during the night.

The BBC claimed that it was following normal procedure by using freelances at the scene of a news event. The union insisted that it was an attempt to defeat the overtime ban.

Troubles over BBC pay have mounted since September when programmes started to be disrupted by overtime bans.

Apart from the battle with the BBC over a pay claim, said to be in excess of the Government's 5 per cent limit, frustration has mounted over discrepancies in pay between the BBC and independent television companies.

Late night Christmas programmes are already threatened by the overtime ban.

£ in New York

—	Dec. 20	Previous
Spot	$2.0010-0125	$2.0160-0170
1 month	0.29-0.23 dis	0.20-0.14 dis
3 months	0.67-0.59 dis	0.56-0.49 dis
12 months	2.35-2.20 dis	2.45-2.25 dis

Prime rate rise to 11¾% likely in U.S.

BY STEWART FLEMING

NEW YORK — Another general increase in the cost of money in the U.S. was set in motion yesterday as Mr. Michael Blumenthal, the Treasury Secretary, said that the economy had been expanding more strongly in the final three months of the year than expected.

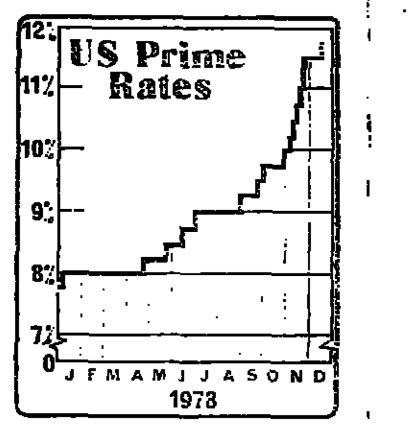
The clearest sign of rising interest rates came from one of New York's largest commercial banks, Chemical Bank, which said it was increasing its prime rate — the rate it charges its best customers — from 11½ per cent to 11¾ per cent. Other bankers said they expected the rise to spread rapidly through the industry.

But there were also suspicions in the money markets that the Federal Reserve Board is again moving more aggressively to try to dampen inflation and support the dollar.

On Tuesday dealers concluded from the Fed's open market operations that the central bank had raised its average target rate in the key federal funds market from about 9¾ per cent to 10 per cent. Yesterday the Fed again drained reserves from the banking system, with federal funds trading at 9¹⁵⁄₁₆.

While this move undoubtedly confirms that the Fed's target for the average funds rate is at least 10 per cent, some analysts are confident that the central bank is aiming higher, perhaps at 10¼ per cent.

They argue that the central bank is acting firmly partly because it is anxious to provide what support it can for the dollar, which has been under pressure since the 14.5 per cent oil price increase announced by the Organisation of Petroleum Exporting Countries at the weekend, and also because of the continued strength of the domestic economy.



Mr. Blumenthal told reporters at a breakfast meeting yesterday that he expected fourth quarter real gross national product to expand by about 5 per cent, almost twice the revised 2.6 per cent recorded in the third quarter, according to a Commerce Department announcement.

With the economy showing such unexpected strength the Federal Reserve can more

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Dollar recovers some of its early losses

BY MICHAEL BLANDEN

THE DOLLAR came under further pressure in exchange market dealings yesterday morning following the sharp falls in its value during the first two days of this week.

Later in the day, however, the pressure on the dollar slackened, and in quiet trading ahead of the Christmas holiday it recovered some of its earlier losses.

The improvement was helped by continued intervention to support the dollar by European central banks and later by the U.S. authorities in New York, as well as by the upward trend in U.S. interest rates.

The average value of the dollar against other leading currencies, as measured by the Bank of England index, remained unchanged at 83.1. At this level, the dollar had dropped by nearly 1.7 per cent since Friday as a result of the selling pressure which followed OPEC's weekend decision to raise oil prices.

The quieter exchange market trading was reflected in the gold market, where after the sharp rises earlier in the week and the successful U.S. gold auction, the price closed in London with a loss of $¼ at $215¾ an ounce.

The pound rose in early dealings, touching $2.0310, but came back later to close in London with a gain of 10 points at $2.0110. Sterling's trade-weighted index moved up to 63.5 in the morning but closed unchanged at 63.3.

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FEATURES

For latest Share Index 'phone 01-246 8026

IG-Metall plans to widen steel stoppage

BY JONATHAN CARR

BONN — The West German trade union IG-Metall announced yesterday it planned to widen the strike in the country's steel industry, which is now in its fourth week. The union did not specify when or where it would take the step, but said it would act soon.

The announcement follows the breakdown on Tuesday of mediation efforts by Herr Friedhelm Farthmann, the Labour Minister of the state of North Rhine-Westphalia. At the weekend, both employers and trade union representatives appeared to have moved closer to a settlement on the key issue—progressive introduction of a 35-hour working week. But draft compromise proposals, involving more holidays and free shifts, were then rejected by the union's key decision-making body.

Herr Kurt Herb, one of the union's leading negotiators, who announced the planned extension of the strike, said the employers had only themselves to blame if the strike went on into the Christmas period. A further improvement of the offer to the union was essential if a compromise were to be reached.

So far nearly 40,000 workers have been on strike since November 28 in the North Rhine-Westphalia, Bremen and Osnabrueck regions. Another 40,000 have been locked out. A total of 200,000 are employed in the steel sector in these areas.

The employers have already said that if the strike went on into the New Year then the industry would lose more than DM 500m (£135m). They say that several domestic customers now looking abroad for steel are likely to agree long-term contracts—meaning some business may be lost for good to the West German industry.

Further, several West German vehicle builders have made clear that they will be unable to guarantee full production after mid-January if the strike *continues that long.* One of these, BMW, said yesterday it had no immediate plans for short time work.

Meanwhile, the union is estimated to be paying out about DM 15m a week in strike pay—one of the factors which previously suggested an extension of the strike was unlikely.

Italy facing confrontation over pay

BY PAUL BETTS

ROME — The Italian Government and the trade unions appear set for a confrontation over the imminent renewal of a series of national three-year labour contracts involving some 10m workers in both the public and private sectors.

At the southern city of Bari, 1,400 delegates of the key Engineering and Metalworkers Union (FLM) are currently finalising their platform, which has traditionally set the broad pattern of wages in Italy. Their *demands include a greater say in* future investment policies, a shorter working week, and wage increases averaging some L30,000 (£18) a month for the next three years.

These demands, according to Sig. Filippo Maria Pandolfi, the Treasury Minister, are incompatible with the Government's aim of reducing inflation through a medium-term economic programme to enable the lira to remain inside the new European Monetary System (EMS) while laying the base for higher growth.

The fundamental guidelines of the three-year recovery programme are a reduction in the public sector borrowing requirement (PSBR) and the introduction of an incomes policy to prevent any real increases in wages.

In a conversation, the Treasury Minister said the Government was now coming to grips with the country's ever-expanding PSBR which will total L33,600bn (£20bn) this *year, accounting for some 16.5* per cent of gross domestic product (GDP). The PSBR is to be contained next year to L37,620bn (£22.5bn) or 15.7 per cent of GDP, through some L6,100bn (£3.6bn) of public expenditure cuts.

However, this was only part of the exercise to maintain the rate of inflation, running this year at about 12.5 per cent, within a level of no more than five points over the average rate of the European Community. Any larger divergence from the Community inflation average, according to Sig. Pandolfi, would clearly put the lira at considerable risk in the new snake despite the wider 6 per cent margin or *12* per cent band granted to the Italian currency.

To this end, the Government is pressing the unions to moderate new wage claims. But the L30,000 monthly increases demanded by the metalworkers exceed the Government's proposed ceiling to avoid any real rise in wages during the next *three years.*

The unions have already made it clear they would on no account accept any major changes in Italy's automatic system of wage indexation, which currently covers up to 85 per cent of the eroding effects of inflation on the salaries of workers in industry.

In the absence of any *thorough revision of the present* indexation system, Sig. Pandolfi claimed new monthly wage increases could not exceed L10,000 if the guidelines of the Government's medium-term economic plan were to be met.

For their part, the unions, like the Communist Party, have expressed irritation over the Government's decision to take Italy immediately into the new "snake" on January 1. In an interview Sig. Luciano Lama, the head of the Communist-*dominated* and largest Italian Labour Confederation, CGIL, warned the Government the unions would not have their bargaining powers conditioned *as a consequence of Italy's* "hasty" entry into the EMS.

The unions are also concerned that the EMS may prove an obstacle to the Government's declared intention to promote a series of ambitious job-creating investments, particularly in the depressed south, and to increase growth from the low levels averaging barely 2 per cent *during the last two years to* an annual rate of 4 per cent next year.

The Treasury Minister said the Government proposed to complete *the details* of its three-year economic plan by the end of this month. The plan, to be debated early in the new year by the parties directly supporting the minority Christian Democrat Administration of Sig. Giulio Andreotti, is widely expected to represent a crucial test for the survival of the Government.

Following the bitter differences over Italian EMS membership between the Christian Democrats, the Communists and the Socialists, which all form part of the parliamentary majority now supporting the Andreotti administration, there are now serious risks of an imminent Government crisis.

Meanwhile, there has also been a menacing revival of political terrorism, especially in the northern region of the Veneto, where a total of 17 terrorist attacks against factories and public buildings have taken *place* during the last 24 hours. In Naples, extremists wounded a police officer during a terrorist raid at the city's main airfield.

Spanish wage package test-case

BY DAVID GARDNER

BARCELONA — "When SEAT moves, Barcelona trembles," is a local proverb cited by both unions and employers to express the industrial muscle of the workforce of Spain's largest car manufacturer. With factories in and near Barcelona, as well as the old Leyland plant in Pamplona, SEAT is the country's largest industrial employer.

Current tremors, however, are likely to be felt even beyond *Barcelona.*

An estimated 3.8m workers are due to settle next year's wage agreements before the end of this month, while employers are refusing to open negotiations until a new political and economic package is agreed with the Government and unions.

This would replace the Moncloa Pact guidelines, agreed in October 1977, and due to expire at the end of the year.

The wage ceiling established by the Moncloa Pact was 22 per cent, and the pay claims due for renegotiation would technically fall within that limit in the absence of new guidelines.

The Government, however, envisages wage increases for next year of no more than 12-13 per cent, while negotiations on a new social contract between unions and *employers have collapsed,* with little prospect of agreement before next year.

Nonetheless, the unions have decided to press ahead with the new collective bargaining agreements, and the SEAT works council has set the pace with a claim of 17 per cent, which in the union's view, would just cover this year's likely rate of inflation.

Mass assemblies

The unions which control Barcelona's industrial belt—*principally* the Communist-led Workers' Commission—have begun a phased campaign of action which was inaugurated with mass assemblies in the "Red Square" alongside SEAT's main Barcelona plant.

This is due to be followed by 24-hour strikes after Christmas and early in the New *Year, and if necessary,* union leaders say, by strikes of indefinite duration.

The campaign has drawn in most of Barcelona's large engineering companies, including Motor Iberica, Pegaso, Hispano Olivetti, and Harry Walker. The main national sectors which will be affected are the car industry, banking, railways and communications, and the capital goods and electronics industries.

A similar dilemma last year, before the signing of the *Moncloa Pact,* was solved by inserting a retroactivity clause. In other words, wage agreements under negotiation before the package was agreed were made retrospectively subject to the 22 per cent guideline.

This caused friction, but less than it might have done since higher settlements went through under the cover of productivity bonuses, or by subtracting employers' social security contributions from the overall sum on which increases were calculated, thus enabling a higher cash settlement.

Employers are determined not to repeat this experience. They argue that wage claims last year outstripped the growth in the money supply by at least 5 per cent. As a result, they say, money in circulation has increased by *around* 20 per cent in the 12 months since the Moncloa Pact was signed, while credits to industry are up by only 10 per cent.

They are going along with the Government's attempt to reverse the situation this year — by a wage ceiling of 12-13 per cent and limitation of the money supply to around 15 per cent — and will resist union attempts to push through higher settlements before this package is agreed.

Wide disruption

The prospects are not bright on either side. If the unions press for immediate negotiation of the pending wage agreements, and employers refuse to open negotiations until the unions agree to the Government's suggested guidelines, there is a strong possibility that this winter will be marked be widespread industrial disruption.

On the other hand, if these wage agreements are allowed through, the Government's economic and monetary policy for next year will not get off the drawing board.

The SEAT situation will provide an indication of the way things are likely to go. The SEAT workforce is a vanguard in the Spanish labour movement, while the company itself is just over one third owned by INI, the State holding company, so the Government will have some influence on whether negotiations go ahead.

Gaullist party suspends Peyrefitte's membership

BY ROBERT MAUTHNER

PARIS — The Gaullist party machine yesterday hit back at M. Alain Peyrefitte, the Justice Minister and one of the leading critics of M. Jacques Chirac, the party leader, by temporarily excluding him from party membership.

Subject to a final decision by the central committee of the RPR, M. Peyrefitte, the senior Gaullist *minister* in the Cabinet and himself a former secretary-general of the party, will be suspended from party membership for six months.

The move, adopted by a large majority of the departmental federation of M. Peyrefitte's constituency, marks a dramatic escalation of the internal party row, originally sparked off by M. Chirac's virulent attack on President Giscard d'Estaing's *foreign* and, particularly, his European policies.

M. Chirac, still in hospital following a car accident, is clearly going all out to re-establish his authority over the party, which has been undermined by the sharp criticism of his leadership by the old Gaullist "barons."

The latter consider that M. Chirac *is more interested in* feathering his own nest, in anticipation of the next presidential election in 1981, than in giving the party a genuine political strategy.

The immediate cause for M. Peyrefitte's temporary exclusion was his description of M. Chirac's attack on the President's foreign policies as "excessive" and his accusation *that the Gaullist movement was* in practice being run by a group of "four occult political counsellors."

M. Chirac took these statements as a personal affront and, judging by various declarations made by the Gaullist parliamentary group and departmental federations, he has a great deal more grass roots support than his critics inside the party.

M. Peyrefitte said after the decision to suspend his party membership, that he was asked to write a letter of "excuses and mortification" retracting his criticisms of M. Chirac. "I burst out laughing and said that this was out of the question."

He said he had never intended to insult M. Chirac. His letter to Gaullist Members of Parliament had been intended merely to remind them of one of the fundamental principles which *General de Gaulle* had bequeathed the party, namely respect for the institutions of the Fifth Republic.

Union rivalry hits strike

BY TERRY DODSWORTH

PARIS — Policy differences between France's two main union groups threaten the effectiveness of the national demonstration which the Communist-led CGT has called for today.

The rival CFDT *has refused* to support the strike call, which was provoked by the Government's recently-announced higher social security provisions, and by redundancies which already have led to bitter demonstrations in the steel-making areas of eastern France.

The action was further weakened by the CGT's decision *not to call out workers* in the public electricity service on the grounds that consumers suffered enough from Tuesday's involuntary four-hour power cuts.

The strike's main effects are likely to be felt on the railways, in the postal services and in the daily newspaper industry, which is expected to be shut completely.

Construction, armaments and engineering companies will also be affected with disputes lasting from a token 60 minutes (at Renault) to 24 hours.

The handling of the demonstration has highlighted the rift between the CGT and CFDT. Rather than support the strike, which it has dismissed as "unrealistic," the CFDT has been urging its workers to seek higher wages to compensate for higher social security contributions and to take local action against redundancies.

EEC and Greece closing gap

By Guy de Jonquieres

BRUSSELS—The EEC and the Greek Government appeared late yesterday evening to be moving towards an *agreement on the final terms* of the arrangements for Greece's admission as the tenth member of the Common Market.

But after more than 12 hours of intensive negotiations, during which both sides made concessions on the crucial issues of agriculture *and the treatment of migrant* workers, it was still unclear whether a conclusive deal could be sewn up at this session.

There were suggestions that a further round of talks might be needed on Friday if the EEC were to fulfil its pledge of "breaking the back" of the negotiations by the end of this month.

At issue was the speed at which Greece would be permitted to align itself with EEC policies after entry. The *Athens Government is seek*ing the shortest possible transition periods, but France and Italy want Greek agriculture to be integrated only slowly, while West Germany is insisting that the principle of free labour movement be applied to Greek workers gradually.

The Greek delegation, led by Mr. George Rallis, the Foreign Minister, was yesterday evening considering an EEC compromise offer, under which the maximum transition *period for agriculture* would be seven years instead of the eight years previously sought by France and Italy.

The EEC was also prepared to shorten to five years the transition period for several key products, notably wine, lemons and mandarins, while also offering Greece financial assistance for its cotton crop.

The *West German delega*tion, which had previously insisted that Greek migrant workers should not be allowed full access to EEC labour markets until eight years after entry, also softened its position, demanding only that the transition period be no shorter than the maximum period granted to other sectors.

The Greek negotiators, who had originally sought a maximum transition period of five years for all sectors, appeared ready to agree to extend this to six years for agriculture and migrant workers, leaving a relatively narrow gap to be bridged between the two sides.

Brezhnev takes conciliatory line on Washington—Peking accord

BY DAVID SATTER

THE PERSONAL message *from* Mr. Leonid Brezhnev, the Soviet President, to President Carter, which reportedly termed U.S. *recognition* of China a contribution to peace, probably reflects the sober Soviet realisation that the U.S. cannot be pressured over the issue.

The text of Mr. Brezhnev's *message has not been published* in the Soviet Press but Mr. Carter said it was very positive in tone, a sign that the Soviet leader decided to go beyond a simple bow to the inevitable in his messsage to President Carter about China especially on the eve of the latest round of SALT talks which open in Geneva tomorrow.

It is virtually certain, however, that whatever Mr. Brezhnev may have said to show his commitment to peace the Soviets take no real satisfaction *from the new,* closer ties between their most powerful international adversary and their most implacable one.

Faced with a situation they know they cannot change, however, and deeply concerned to make gestures of goodwill toward the U.S. as a new SALT treaty nears completion, they apparently chose a diplomatic and conciliatory approach.

The greatest concern of the Soviet leadership appears to be not that the U.S. and China now have closer ties but rather that those ties may enable China to create problems between the Soviet Union and U.S.

Pravda, the Communist Party newspaper, today quoted Rude Pravo, the Czechoslovak party daily, as saying that China was "aiming to create an unfavourable atmosphere for detente and sharpen contradictions between the U.S. and the USSR."

It is this prospect which must have been uppermost in the minds of the Soviet leaders who *were presented* with the expected but still unwelcome U.S. recognition of China and took advantage of the situation—through Mr. Brezhnev's message—to underscore their oft-avowed commitment to peace and closer relations with the U.S.

Mr. Andrei Gromyko, the Soviet Foreign Minister, arrived in Geneva yesterday for SALT talks with Mr. Cyrus Vance, the U.S. Secretary of State.

● ***David Buchan adds from*** **Washington:** The Administration has reacted with a tinge of surprise and considerable delight to President Brezhnev's personal assurance to Mr. Carter that the new American-Chinese diplomatic ties will not damage relations between Washington and Moscow.

Mr. Carter said in a TV interview: "I can say without any doubt that our relationship with China will not put any additional obstacles in the way of a successful SALT agreement and also will not endanger our good relationship with the Soviet Union."

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Gromyko dampens SALT hopes

BY REGINALD DALE

GENEVA — Mr. Andrei Gromyko, the Russian Foreign Minister, yesterday poured cold water on suggestions that the U.S. and the USSR would com*plete the negotiation of a new* strategic arms limitation treaty (SALT 2) in Geneva this week.

"I do not foresee the conclusion of an accord at this time," he said in an official statement on arrival at Geneva airport.

Mr. Gromyko is here for two days of talks, starting today, with Mr. Cyrus Vance, the U.S. Secretary of State. Optimistic reports from Washington over the last few days have suggested that the meeting here would finally pave the way for signature of the new treaty at a sum*mit meting between President* Carter and Mr. Leonid Brezhnev, the Soviet leader, in the New Year.

Mr. Gromyko confirmed that the Soviet Union wanted an agreement "as soon as possible," adding the hope that this week's meeting "can take us considerably nearer to the realisation of this goal." But, he said, final conclusion of an agreement in the next two days was "too much to hope for."

His remarks led to immediate speculation here that Moscow *might not want to appear too* enthusiastic about strengthening U.S.-Soviet relations so soon after Washington's decision to recognise the Chinese Government in Peking. Another possibility is that Mr. Gromyko wants to leave the prestige of concluding the final deal to President Brezhnev.

Arms talks, Page 4

Romania urges defence cutback

BY ROGER BOYES

ROMANIA, in a move which is likely to deepen its isolation within the Warsaw Pact, has announced that it will use defence funds to finance an increase in child allowances. It has also called on countries hit by the OPEC price rise to offset the economic effects by trimming their defence budgets.

The announcement, reported by the official Agerpress agency, is the first indication that Romania intends to stand by its pledge not to raise military expenditure in line with its Warsaw Pact allies. At a pact summit in Moscow last month, Romania rejected proposals for an increase in defence spending. It maintained that military expenditure should be kept to "rational limits," and thus effectively widened its differences with the Soviet Union and other allies.

The political executive committee, the country's top policy-making body, agreed to raise family allowances by up to 500m lei (£20m) next year apparently to compensate for price increases in children's clothing. The allowances were to be *partly financed* from the military budget which, as passed by the Romanian Parliament last month, called for 12.4bn lei expenditure in 1979.

It is difficult to estimate the overall effect on Romania's defence effort, which, by Warsaw Pact standards, is run on a shoestring. Yesterday's communique said that the move "will not affect the adequate endowment of the armed forces," but there will clearly have to be retrenchments in *some sectors. A fuel-saving* campaign is already under way in the vital ordinance branch of the Romanian army.

Agerpress also condemned the OPEC *price rise and said it* would hit developing countries hardest of all. To offset the damage, military spending should be the first area to be cut, it said.

Swedes cut shipyard capacity

By William Dullforce

STOCKHOLM—The Swedish Parliament has passed a Bill providing for a 20 per cent reduction in large shipyard capacity over the next two years. But through a compromise by which the minority Liberal cabinet won the Social Democrats' votes for the Bill the employees *affected will be* guaranteed work during 1979 and 1980.

Under a second compromise the small and medium shipyards are to be *kept intact until their* problems have been investigated by a new commission.

The Bill in its final shape was harshly criticised by the former Minister of Industry, Mr. Nils Aasling, who was responsible for the creation of Svenska Varv, the state shipbuilding company which controls four of the five big Swedish yards. The fifth, Kockums, is also now in process of being taken over by the state.

The guarantee to redundant workers was a dangerous precedent. It opened up the *prospect* of a completely static labour market instead of the greater mobility among workers, the reduction in state intervention and the greater reliance on market forces, which the Liberals professed to believe in, Mr. Aasling said.

The Bill would also tie up in state spending and guarantees billions of kronor which could *have been used for offensive* investments in other branches of industry.

The non-socialist coalition, in which Mr. Aasling was minister, proposed in June to reduce the number employed in Swedish shipbuilding by some 9,000 over three years. The new Act will affect about 4,000 jobs.

Under the earlier proposal two of the four big yards would stop building ships and switch to other heavy engineering products. The new Act allows all four yards to continue producing *ships. It also raises the limit* for state credit guarantees to SKr 17bn (£1.95bn), offers SKr 5.78bn in state support for shipowners placing orders with the yards, and sets up a SKr 1bn development fund.

Dutch bribes claim

Papers alleging that a senior Dutch airline official took bribes from McDonnell Douglas, the U.S. aircraft manufacturer, have been sent to the Amsterdam Public Prosecutor by the Ministry of Transport, writes Charles Batchelor in Amsterdam. The unnamed official is alleged to have received $200,000 in 1969-1976.

Herr Walter Scheel has criticised bluntly his countrymen's attitude to unpopular views, writes **Jonathan Carr** from Bonn.

West Germany given a lecture in democracy

WEST GERMANS have just received a tough lecture from an unexpected source about the defects of their democracy. They have been told that too few of them are ready to defend unpopular positions, that they are too rarely prepared to examine the differing opinions of others, and that the most important concrete issues facing the nation are being handled ever less by Parliament.

On the contrary, according to this criticism, the main arguments occur with—rather than within—Parliament and other state bodies. When the discussion becomes tough, the state organs retreat from the fray *noting that* they alone have the constitutional competence to decide on the matters in dispute.

Many West Germans have become quite used to hearing criticism of their democracy both from abroad and from a minority at home whose confessed aim is to install another system, by force if necessary. But the new strictures come from none other than the Federal President, Herr Walter Scheel, who is now nearing the end of his first—and possibly only—term as head of state.

During almost five years of office, Herr Scheel has become renowned for speaking out bluntly on controversial issues—not always to the liking of the Social Democrat-Liberal coalition Government in Bonn, of which he used to be a member.

But rarely has he been so forthright as in his speech last week at Bonn University where he appeared to choose the occasion deliberately to stir public debate, not just of this or that individual political issue, but of the manner in which Germans go about trying to deal with all issues.

Herr Scheel said that Germans managed to turn discussion of every problem, however small, into an argument over *principles* which, of course, neither side would relinquish.

Thus the arguments led ever further away from solutions. The *people, he declared, were bored* with months-long discussions in Parliament over which party was more opposed to terrorism or which most supported freedom.

The English had successfully maintained the traditions of the monarchy but filled them with democratic content. "We fight so long and hard for the outward forms of democracy that we hardly have time and energy left for democratic content," Herr Scheel said. There were those who heard Herr Scheel who felt he was being somewhat too negative about German democracy. But the public disputes over two issues mentioned by Herr Scheel—the "decree on radicals," and the current demands for moves towards a 35-hour working week—goes far to support the case he made.

The radicals decree has been a source of bitter argument in West German public life for more than six years. One of the slogans used to describe it by its fiercest critics—"Berufsverbot" (employment ban)—has even been taken up abroad and used on the assumption that it correctly describes the function of the decree. The original intention of the measure, agreed in 1972 by the then Chancellor Willy Brandt and the Prime Ministers of the Laender (the federal states), was to prevent those fundamentally opposed to the "free, democratic order" from obtaining jobs in public service and undermining the system from within.

At the time, it seemed to many that such a measure was needed, not least since extremist groups had announced a change of tactics and said they planned to achieve their aims by a "long march" through the state's institutions. And that threat brought back vivid memories of the collapse of the Weimar Republic—that "most democratic of democracies" as one of its ill-fated leaders put it—which proved too tolerant towards those determined to use it for their own purposes, then eradicate it.

The "decree on radicals," also known as the "employment ban," has been interpreted in so perfectionist a way that even engine drivers and municipal gardeners have been questioned about their views.

But since 1972 the decree has been applied more stringently in some parts of the country than in others. At its worst, its guidelines have been interpreted in so perfectionist a way that even those whose political leanings have no bearing on their jobs—such as engine drivers or municipal gardeners—*have been questioned about* their views.

This in turn brought an increasing sense of outrage, typified in the recent statement by the Mayor of Hamburg, Herr Alfred Klose, that he would rather see 20 Communists in public service than 20,000 young *people intimidated into fear and* political inaction by the functioning of the decree.

Over the last month or two, the Federal Government and its coalition parties have tried to produce clearer guidelines: for example, limiting the extent to which public authorities have to check with the Federal Office for Protection of the Constitu*tion when applicants present* themselves for a post.

Further, the questioning of a candidate must be in reasonable relationship to the job he wishes to take up. And membership of a party whose aims are hostile to the constitution should not in future automatically rule out a candidate for a public service post. The judgment must be made on a case by case basis.

But it is far from clear that the opposition parties at federal level will accept the guidelines—and those parties make up the Government in a majority of the Laender.

Why has six years of argument produced such a modest *result? Herr Scheel* notes that the dispute has been almost entirely between two camps—one insisting that those who support the Radicals Decree are not true democrats, the other arguing that without the decree the democratic state cannot be maintained. Running a *very poor third were those who* suggested that in theory both sides were correct but the practice had to be improved.

Clearly reasons of history cause a dispute over such a topic to be particularly heated in West Germany. But the argument about a 35-hour working week—at the core of the current strike in the steel industry—*has proceeded on similar lines.* The issue has been before the public here for at least two years now—with employers and employee organisations, and economic institutes *all weighing* in with technical reports on the impact on employment and costs of such a move. But the upshot in the steel industry has been a collision over *principles* between an irresistible force and an immovable object.

The trade unions insist that the first step must be taken towards a 35-hour week and the employers maintain that it must not. It is clear that a compromise must be found—perhaps through a de facto reduction of the present 40-hour week not *explicitly* spelt out in the formal agreement. But that will mean both sides must swallow some of their principles which will prove much harder after three weeks of strike action and mutual, public recrimination.

Such examples can be extended well beyond the list mentioned by Herr Scheel. A recent panel discussion in Bonn on the causes and possible cures of domestic unemployment proved fruitful for the audience—but apparently much less so for the main speakers. Representatives of Government, employers, the federal Labour Office and academic life all had their own points and defended them tooth and nail against one another. It did not seem to occur to them that their views were not mutually exclusive—*that a synthesis* would have brought much light on an apparently intractable problem.

It would be absurd to suggest that the Germans are the only *ones to demonstrate lack* of flexibility. But it would be just as wrong to deny Herr Scheel his tough points about his own countrymen. The President calls for an attitude of more "critical sympathy," noting that the best battles are not those which end by humiliating the opponent. It hardly needs saying that he does not try to explain how such an attitude can be brought about—unless it be by example.

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Israeli aircraft attack Palestinians in Lebanon

BY DAVID LENNON

TEL AVIV—Israeli aircraft attacked Palestinian guerrilla bases in Lebanon today, in retaliation for a series of bomb attacks in Israel during the past month which left four dead and 67 injured, an Army spokesman has announced.

Six people were injured yesterday morning when a bomb exploded in the old city of Jerusalem. Earlier this week, 22 were injured when a bomb exploded on an Israeli bus in the city.

The Army spokesman said today the air strike against the training bases lasted 15 minutes, and that "good hits" were reported. The bases were near Dahar El Bourg, Kasamiya and Bourg El Shimalia, he said.

Ihsan Hijazi adds from Beirut: The aircraft attacked Palestinian positions in and around the port of Tyre, 45 miles south of Beirut. There were no immediate reports of casualties, but guerrillas opened fire on Israeli gunboats.

This is Israel's first strike in Lebanon since September, when Israeli gunboats bombarded Beirut in retaliation for a guerrilla attempt to attack the Israeli port of Eilat, on the Red Sea.

The jets also flew over Sidon, about 20 miles north of Tyre.

The raid coincided with a partial Lebanese Cabinet reshuffle, in which army commander Maj. Gen. Victor Khoury, the Army commander, was appointed Minister of Defence, in place of Mr. Fuad Butros, who retains his post as Foreign Minister.)

Meanwhile, Israel has stopped withdrawing military equipment from occupied Sinai, because of the stalemate in the peace negotiations with Egypt.

The Army began transferring stores from Sinai to Israel a few weeks ago, expecting that a peace treaty would be signed by mid-December.

The failure last week of the U.S. mediation mission led to calls in Parliament for a suspension of the unilateral evacuation of equipment.

Mr. Ezer Weizman, the Defence Minister, ordered the withdrawal to stop two days ago, after Israel had rejected Egypt's new proposals for overcoming the crisis in the talks.

But the Army is continuing to construct bases behind the proposed interim withdrawal line in the Sinai peninsula, as well as behind the international border to which Israel pledged to withdraw three years after signing a peace treaty.

Israel started these projects before a peace agreement was signed to ease the pressure on its Transport Command when the withdrawal moved into top gear.

Mr. Moshe Dayan, the Foreign Minister, was due to leave for Brussels today to meet Common Market Ministers. He plans to explain Israel's reasons for rejecting Egypt's proposals, as well as to seek preferential terms for exports of Israeli produce to the EEC.

Freighters back in Beirut port

By Ihsan Hijazi

BEIRUT—The port of Beirut, vital for the Lebanese economy, has resumed partial activity after five months closure. Five freighters have unloaded goods for Lebanese merchants and more are expected to arrive within the next few days.

The reopening of the harbour, once the busiest in the Arab world, follows new security measures and the removal of gunmen from this area of the capital. The port is controlled by Christian militias but borders on an area held by their adversaries, the Syrian troops of the Arab peacekeeping force.

The closure of the harbour had contributed to a sharp rise in imports and increased smuggling. During the fighting last September ships had to unload in Cyprus and Piraeus at a heavy cost for for Lebanese importers.

Some docked at the Lebanese ports of Sidon in the south and Tripoli in the north, but merchants were reluctant to depend on these outlets because of unstable security.

For five months, many of Lebanon's needs were imported via the Syrian Mediterranean port of Lattakia, and then brought to Lebanon overland by truck. The extra cost has contributed to an inflation rate of 20 per cent during the period.

Urgent requirements are imported by air. The latest item is Christmas trees, which have been flown from Austria. The smallest tree now sells here at Lebanese £100 (nearly £17). The same kind of tree cost about £5 sterling last year.

NZ bank strike

By Dai Hayward

WELLINGTON—New Zealand bank staff begin a 12-day strike today. Bank officers defied last minute appeal and efforts by the newly appointed Minister of Labour Jim Bolger to call off the strike.

There was a rush on banks as business houses and members of the public stampeded to draw sufficient cash for the holiday period. The Reserve Bank had to pump an extra NZ $20m into the banking for cash to more than $6 for every person in New Zealand.

Namibia assembly discusses UN poll

BY QUENTIN PEEL

WINDHOEK — The internationally unrecognised constituent assembly in Namibia (South West Africa), elected in a poll organised by the South African Government, met for the first time yesterday to decide whether or not to go ahead with a second round of UN-supervised elections.

Faced with a boycott by the principal black nationalist movements in the territory and ignored by the UN and the Western members of the Security Council, the assembly immediately decided to lay down the conditions under which it would agree to another poll.

"We are no puppets of the South African Government, and we would not like to be seen as such," Mr. Dirk Mudge, chairman of the Democratic Turnhalle Alliance (DTA) which controls 41 of the 50 seats, told its members. His colleagues insisted that the 80 per cent poll in the elections earlier this month proved that they were true representatives

The assembly faces a meeting today with Mr. P. W. Botha, the South African Prime Minister, and Mr. Pik Botha, the Foreign Minister to hear the South African attitude towards further elections. Mr. Botha has promised the five Western members of the UN Security Council to "use his best offices" to persuade the assembly to opt for an internationally acceptable settlement—that is the UN plan for elections.

But both Judge Marthinus Steyn, the South African Administrator-General in the territory, and leaders of the DTA made it clear yesterday that a second election would be subject to as yet unspecified conditions which could cut across the UN plan already endorsed by the Security Council.

"The DTA is not prepared to seek international recognition at all costs," Dr. Ben Africa, a Vice-President of the organisation, which represents traditional leaders of the major tribal and national groups in the territory, said. There were certain guidelines which could be spelt out before the South African Government had met them, he said.

Judge Steyn said that the assembly could ensure that a second election "can be held on generally acceptable terms." He said that the high turn-out in the poll this month showed that he international community must recognise the fact of the election and the fact of the existence of the assembly, even if it did not recognise its validity. He said the assembly would spell out the conditions it attached to acceptance of a further round of elections.

There are two conditions which have ben mentioned by DTA leaders as possible preconditions to a further round of elections. They are an abandonment by the UN of its unique recognition of the South West Africa People's Organisation (SWAPO) as the sole authentic representative of the Namibian people; and an insistence that elections should go ahead on a specified date, even if South African troops have not withdrawn from the territory by that date. because of a continuation of hostilities

Rhodesia counts cost of six-year guerrilla war

BY TONY HAWKINS

SALISBURY — More than 12,000 people have died inside Rhodesia in the guerrilla war which started exactly six years ago today.

Official casualty figures provided by the Rhodesian Government show that during 1978 5,320 people lost their lives in the war—more than 44 per cent of the total number of casualties incurred since hostilities started in 1972 with a guerrilla raid on an isolated farmhouse in North East Rhodesia. In 1973 less than 300 people died in the war, whereas this year the monthly average has been 445.

This year too, the guerrillas achieved their three most publicised attacks. These were the brutal murder of 13 white missionaries and their families at Elim mission near Umtali in eastern Rhodesia, the shooting down of the Air Rhodesia Viscount in early September together with the subsequent massacre of injured survivors, and last week's daring attack on the Salisbury oil storage depot.

In a statement to Parliament yesterday, Mr. David Smith, the Finance Minister, declined to give details of the cost to the economy of the oil depot attack, which in foreign exchange terms is estimated at more than £10m.

zBut he told MPs that lessons had been learned from the fire which would be put to good use. The minister said that some estimates of the cost of the fire that were being mentioned were "absurdly high." A useful amount of fuel would be recovered from the 28 burnt-out tanks. He said many other incidents during the war had been as costly in foreign exchange terms although not so spectacular.

Official casualty figures for the war show that the guerrillas have lost 6,150 men in the fighting inside Rhodesia, of whom 2,459 died during 1978. This excludes guerrilla casualties in trans-border raids put at more than 3,000, as well as the 1,340 guerrillas recruits and "collaborators" killed in hostilities.

Black civilian deaths total 3,484 (1,677 this year) while there have been 294 white civilian casualties (173 in 1978).

The Rhodesian security forces have lost a total of 774 men in the war so far (282 this year) to give a guerrilla/security force kill ratio of eight to one in the six year war and of nearly nine to one in 1978.

Giscard arrives in Guinea to enthusiastic welcome

CONAKRY — M. Valery Giscard D'Estaing, the French President, was paraded triumphantly through town yesterday, ending two decades of chill between this socialist African republic and its one-time colonial master.

M. Giscard rode with M. Ahmed Secou Toure, President of Guinea, in an ageing white Cadillac convertable past crowds chanting "Valery, Valery." Youngsters fluttered flags and danced as the beaming president passed.

At Gebessia airport, Guinean officials stared in awe as the President's Concorde landed. "Fantastic, fantastic," murmured one party leader. "It's good to see the French back again."

The French President drove through the tumble-down capital, largely unchanged since independence, to start a three-day official visit. The last French President to visit was Charles de Gaulle in 1958, on a tour of colonies which were about to be granted independence.

President Sekou Toure said at the time that his people would rather be rid of all colonial ties, even if it meant poverty. Guinea, alone among the colonies, voted no in a referendum on whether to keep economic links with France. The French pulled out immediately, ripping telephones from the wall and removing instruction plates from machinery.

Guinea sought help from the Soviet Union and other socialist nations, but its economy has all but collapsed. Much of its bauxite goes to the Soviet Union at 40 per cent of the price paid by Western nations, economists say. Foreign debts are estimated at $1bn.

France and Guinea restored diplomatic relations in 1975, but slogans decrying imperialism, colonialism and neo-colonialism still abound in the country. Soviet technical and military advisers has been reduced, but diplomatic sources say there are still more than 1,000.

President Giscard was guest of honour last night at a banquet in the Palace of the People, one of the few new buildings built since independence. Tomorrow he will visit the eastern town of Kankar and Mr. Sekou Toure's birthplace, Faranah. In the evening the two presidents will address a public rally.

AP

Problems delay Egyptian budget

BY ROGER MATTHEWS

CAIRO — The difficulties being experienced by the Egyptian Government in drawing up the budget for 1979 surfaced yesterday with the announcement that the final draft would not be published until well into January.

Following talks between President Anwar Sadat, Prime Minister Mustapha Khalil and senior economic ministers, it was stated that the 1978 budgetary period was being extended for another month in order to provide time for a series of essentially political consultations.

The Government's task has been complicated by what is understood to be a significant increase in the forecast budget deficit for this year, underspending by some $600m on investment projects, and by the need to keep within the fiscal ceilings agreed with the IMF. At the same time the Government is pledged to undertake the first measures in a three-year programme of structural reform which includes final action to unify the country's two-tier exchange rate and bring domestic interest rates more into line with international levels.

On January 1 the Government is due to increase interest rates by another 1 per cent, making the central bank discount rate 9 per cent and the rate charged by the commercial banks 10-11 per cent. Savings and time deposits will be increased to 8 per cent.

However, the immediate task for the Government is to control the growth of current expenditure and particularly the bank-financed element of the budget deficit. During a series of meetings over the past few days ministers have been concentrating on a politically sensitive area of subsidies which take a substantial part of the budget, methods of improving the efficiency of the vast public sector, measures to check the widespread tax evasion, areas in which revenue could be increased via direct taxes, the servicing of external debt and ways of increasing domestic savings.

Although the list is very familiar, there are some indications that the Government is aware that any further delay in implementing structural reforms and checking the consummer boom could soon begin to have damaging effect on the country's improved external payments situation. Mr. Sadat has decided that he will chair a special meeting of the parliamentary members of the National Democratic Party in order to discuss "basic issues and a fixed policy for economic stabilisation."

As a result there will not be a budget statement to Parliament until perhaps the middle of January, and this could be further delayed if during discussions of specialist committees there is serious political concern over the possible impact of proposed measures. Any changes to Egypt's highly complex pricing system is bound to be seen as inflationary by some sections of the public

There are no precise figures for inflation, but it is often put at between 20 and 35 per cent and varies considerably between different income groups.

President Sadat left Cairo yesterday for another of his regional tours during which he is concentrating on building up public support and explaining to local governors his plan for giving them greater powers of decision in a number or areas, including that of investment.

Bhutto hits back at his accuser

BY CHRISTOPHER SHERWELL

RAWALPINDI — On his third day before the seven Supreme Court judges hearing his appeal against the death sentence, Mr. Zulfikar Ali Bhutto, Pakistan's former Prime Minister yesterday said he thought he had now satisfied the Bench that he had no motive, and was involved in no conspiracy to murder Mr. Ahmed Raza Kasuri, an alleged political opponent of his.

Mr. Bhutto, who was sentenced to death last March by the Lahore High Court for ordering the elimination of Mr. Kasuri, yesterday turned to a key link in the chain of confessions from those involved in the incident in 1974 in which Mr. Kasuri's father died by mistake. The confessions led to Mr. Bhutto's arrest two months after he was deposed

Picking on Mr. Masood Mahmud, the ex-head of the Federal Security Force who said he directed the murder attempt on Mr. Bhutto's orders, the former Prime Minister said the man's statements to the authorities were a "tissue of lies" which had been made under pressure.

He said Mr. Mahmud was unreliable, guilty of contempt and a self-confessed liar and murderer.

Mr. Bhutto appears for the last time today, when he is expected to make further submissions on the trial and also, as he warned in his summary the first day, on the conditions prevailing in the country both under his rule and under the present military government.

Inquiry into Iran cash flight

BY SIMON HENDERSON

TEHRAN—A Commission of Inquiry in Iran is now seriously investigating the cases of 102 prominent Iranians alleged to have transferred money abroad illegally.

Last month 178 people, including close relatives of the Shah, senior generals, former ministers and top officials were accused of sending a total of £1bn abroad in an eight week period prior to martial law. The accusations were made in an anonymous document circulated in Tehran by strikers at the central bank.

Yesterday Tehran radio said 102 people had been transfering funds and the Commission of Inquiry was investigating further, but the commission says because it is having difficulty in its work the list is incomplete. Sometimes only family names are given, it says, and so it is asking the individuals named to come forward to assist its inquiries.

More recently another list has started circulating claiming to name individuals transferring money abroad despite newly imposed foreign exchange controls. Both lists are seen as reflections of leading Iranian's lack of confidence in their future if anti-Shah demonstrations continue and no alternative Government emerges.

A further underground document concerning the Phahlavi Foundation, the trust fund controlled by the Shah, has been officially challenged. The document alleged that favoured students sent abroad for studies had been handed out $1,200 per month as living expenses. Yesterday the radio said that no student had received more than $300 per month above the tuition fee.

Meanwhile, Dr. Gholam Hossein Sadiqi, the veteran politician from the 1950s believed to be prepared to become Prime Minister, yesterday continued to search for potential members of a Cabinet to replace that led by General Azhari.

However, the National Front leader, Dr. Sanjabi, whose political weight would be useful in a new Administration, is believed to have written to Dr. Sadiqi warning him against forming a government at this stage.

A basic demand of the opposition leaders who are prepared to meet the Shah halfway is said to be control of the Army, the police, the secret police and the budget. Negotiations on the new Cabinet are not expected to be concluded for a week or two.

AMERICAN NEWS

Pay restraint essential, Canadian MPs told

By Victor Mackie

OTTAWA — Mr. Pierre Trudeau, the Canadian Prime Minister, told the Commons yesterday that workers' wages were not keeping up with inflation, but urged Canadians to exercise restraint so that his Government would not have to re-impose wage and price controls.

His comments came after the Opposition attacked the Government over continued increases in the cost of living. Statistics issued this week showed that the annual rate of inflation had climbed to 8.8 per cent in November.

Earlier in the day the privately-sponsored Conference Board in Canada issued a forecast that the economy, battered by depressing influences would register a growth of only 3.3 per cent, down from a forecast made two months ago.

The expected slowdown of the U.S. economy next year would have a major impact on Canada. The expansionary effect of the November Budget offset the impact of spending cuts announced by Mr. Trudeau in August, and the effect on prices of a sales tax reduction offset the inflationary effects of the Canadian dollar, said the board.

The result would be a growth in real GNP of 3.4 per cent in 1979, the Board said. Inflation was expected to be 7.8 per cent, and unemployment 8.8 per cent.

The pattern of growth next year would be different from that of 1977 and 1978, the forecast said. For those years the domestic economy as measured by the growth in real final domestic demand was weak.

The external sector would provide only a small contribution to growth in 1979, said the board. The domestic sector, led by business investment in machinery, equipment and consumption, would provide the only significant source of growth.

The board said: "While we are confident about our assessment of the outlook for 1979, the Canadian economy is on a knife-edge as far as 1980 is concerned. If there is an acceleration in wages of the nature we forecast, with consequent acceleration of prices in 1980-81, the competitive advantage gained by depreciation of the dollar will be eroded."

Blumenthal sees strong growth in fourth quarter

BY DAVID BUCHAN

WASHINGTON — The U.S. economy grew at an annual rate of 2.6 per cent in the third quarter of 1978, less than originally estimated by the Commerce Department.

But Mr. Michael Blumenthal, the Treasury Secretary, reacted quickly to the revised third-quarter gross national product figures issued yesterday by the Commerce Department, saying: "We expect a very strong fourth quarter." He said real growth in the last three months of this year would be 4.5 per cent or more, at an annual rate.

The Treasury Secretary scoffed at private economists' predictions that the U.S. faces a recession next year. U.S. growth has been unusually erratic this year. Freezing weather and a national coal strike led to a slight decline in GNP in the first quarter, while between April and June, it rebounded at an annual growth rate of 8.7 per cent.

However, a slowdown in growth next year will not be totally unwelcome to the U.S. Administration, if that in itself helps curb inflation and America's propensity for large volumes of imports, particularly of oil.

Mr. Blumenthal also made the first public concession by the Administration that inflation next year would be of the order of seven per cent or more. In announcing the anti-inflation programme in October, the Administration had set its sights on bringing price rises next year down to an annual 6-6.5 per cent.

Inflation, according to the figures released yesterday by the Commerce Department, was 6.9 per cent at an annual rate in the third quarter. Mr. Blumenthal said his new estimate was based on OPEC's decision to raise the price of oil next year by 14.5 per cent, which, according to government estimates, will add a half percentage point to U.S. inflation.

The political consequence of a U.S. inflation rate of more than 7 per cent bears on the Carter Administration's proposal to offer a tax rebate to workers who settle within the 7 per cent wage guideline next year. It now seems that money for this so-called "real wage insurance scheme," which needs Congressional approval, will have to be included in next year's budget. President Carter is making the final decisions this week on the 1979-80 budget, which he will present to Congress next month. Money for the tax rebate will presumably mean less for other Government programmes.

In addition to revising real GNP growth in the third quarter down from 3.4 per cent to 2.6 per cent, the Commerce Department also revised its estimate of after-tax corporate profits in the same period, to show a 1.1 per cent decline, compared to the original estimate of a 1.2 per cent rise.

Third World arms talks in the balance

BY OUR OWN CORRESPONDENT

WASHINGTON — Prospects for a Soviet-American agreement to limit the sale or transfer of conventional weapons to the Third World appear sharply diminished, following a fight within the Carter Administration which upset talks ending in Mexico City last week.

The negotiations were initiated last year by the U.S. as an attempt to get the Soviet Union to respond to President Jimmy Carter's unilateral commitment to cut back U.S. arms supplies to countries with which the U.S. has no formal treaty ties.

Both sides had agreed that their December 5-15 session in Mexico City should focus primarily on regions where, for lack of vital strategic interests, such mutual arms restraint might be more easily agreed: Latin America, and possibly Africa.

But the Russians also made it clear they wanted to discuss U.S. arms sales to areas closer to home for them: Iran, Korea and China (the U.S. does not sell weapons to Peking, but has a major voice in whether its NATO allies do so). At the insistence of Mr. Zbigniew Brzezinski, the National Security Adviser, the U.S. team in Mexico City was instructed to tell the Russians they would walk out if these topics were raised.

This soured the atmosphere in Mexico City, and was compounded by Mr. Brzezinski's further insistence that the question of limiting naval forces in the Indian Ocean, previously a negotiating topic with Moscow, effectively be taken off the agenda.

The dispute points up the differences between Mr. Brzezinski's refusal to brook any Russian interference in the currently sensitive American diplomacy in Iran and in the Far East, and the less hardline State Department view that the conventional arms negotiations with the Soviet Union should progress.

It also again brought to the surface the recently dormant differences between Mr. Brezezinski and Mr. Cyrus Vance, the Secretary of State, on U.S. foreign policy. At one point, the National Security Adviser tried to bring about the recall of the State Department head of the U.S. delegation to the Mexico City talks on the grounds that the latter had ignored instructions — a charge refuted by Mr. Vance.

President Carter has made many future cutbacks in U.S. arms sales to the Third World in 1979-80 and beyond, conditinnal on equal retraint

Swiss study Citibank's Zurich office

By John Wicks

ZURICH — **The Swiss National Bank is studying the report drawn up for Citibank on the New York bank's European money-trading activities. A National Bank *spokesman said yesterday that* interest is concentrated on the operations of the Zurich branch, particularly in the light of Swiss currency protection measures and the good-conduct declaration given by all foreign banks working in Switzerland.**

At the same time, the Swiss federal tax administration in Berne has disclosed that it is "interested" *in the Citibank* case, while investigations are also being carried out by the Zurich cantonal tax authorities. It is understood that the Swiss Banking Commission is also considering allegations of improper transfers for tax avoidance purposes.

The Citibank management in Zurich would not comment, but it seems likely that the possible back taxes which the New York headquarters confirmed were the subject of negotiations in Switzerland include cantonal income tax, federal defence tax and possibly also negative-interest commission.

U.S. COMPANY NEWS

Growth slackens at AT and T; Quarterly profit at Great Atlantic and Pacific first since 1977; Sharp rise in Dean Witter earnings—Page 28.

URBAN PLANNING IN BRAZIL

Fresh start for Sao Paulo

BY SUE BRANFORD

THE PROBLEMS affecting many of Latin America's mushrooming cities have a dreary, familiar ring. There is sprawling, chaotic growth, with the permanent influx of rural migrants and riotous land speculation as a privileged elite reap extraordinary profits from the rocketing prices in real estate. Asphixiating pollution from factories set up with little concern for environmental damage combines with exhaust fumes from long traffic jams as a result of the excessive use of the private car. Sao Paulo and its surrounding suburbs, which form Latin America's largest industrial belt, are a graphic illustration of these woes.

Paulo Salim Maluf, who is to become governor of Sao Paulo next March, is offering an original remedy for these ills: move the state capital into the interior where a fresh start can be made. Maluf says that, by 1983 when he leaves office, he will have set up an attractive new administrative state capital at an estimated cost of £100m.

His announcement has provoked a flurry of critical retorts. The present city mayor, Olavo Setubal, replied firmly: "There is no economic, social or geopolitical justification for moving the capital." Ex-banker Laudo Natel, who was all set to become governor for the second time before Maluf's surprise victory at the Arena party convention in June, quipped: "We need to take capital investment, not the capital city, into the interior."

The strongest denunciation, however, came from the experienced urban planner, Jorge Wilheim, who is present state secretary for planning, who counter-attacked: "The plan is diabolical in the original meaning of the word. It is a seductive temptation, leading to damnation." Apart from slating the proposal in urbanistic terms, he was also referring to alleged juicy electoral pay-offs that Maluf is reaping in the interior, with his promises of an immense influx of money and jobs and his insinuations to voters from all over the state that the new capital will be localised in their region. For the dispirited Arena party, which is facing the prospect of a resounding defeat in Sao Paulo in the November elections, the proposal has provided a considerable fillip. When questioned about the dubious nature of this electoral manoeuvre, Maluf grinned back like a mischievous schoolboy, commenting: "Only the quick-witted get on in politics. And I'm an ambitious man for the 20 years of political life left in me."

If the plan goes ahead after the elections, which many political commentators doubt (but is not unlikely given Maluf's undisguised relish for epoch-making projects) he will face an awesome barrage of opposition from the city's established elite which regards him as an upstart and unscrupulous opportunist.

Maluf, who is the son of Lebanese immigrant parents, has had an astonishingly rapid and lucrative career. Part of his fortune comes from his involvement in what has become known as the "Lutfalla scandal" in which a small textile firm obtained extraordinarily large government loans before shutting its doors in what many suspect was fraudulent bankruptcy.

After a prolonged public outcry, particularly vehement as very high government officials were alleged to be involved, the Government started an inquiry which culminated inconclusively earlier this year with the confiscation of the assets of the Lutfalla group. With elections now imminent, the investigations have ground to a standstill.

Traditional Brazilian businessmen, feeling great repugnance for Maluf's openly amoral attitude towards business and politics, have not been slow to point out that Maluf could never have reached a comparable position in a democratically run country.

Paradoxically, Maluf's success in the party convention was partly the result of the present climate of rebellion in which the hold that the traditional banking elite exercises over the state—and national—governments is being challenged. The revolt has been so infectious that even Arena, the sedate pro-Government party, chose a populist, charismatic outsider as its candidate, rather than the staid conformist that the Government was pushing on them. Such an act of defiance would have been unthinkable four years ago.

Yet it is doubtful whether Maluf's gimmicky, vote-catching proposal will solve any problems, except improving Arena's electoral chances. Many urban planners are seriously concerned that it will entail a heavy outlay of scarce resources that could be better used to tackle existing problems, for, with or without "Malufopolis," Greater Sao Paulo with its 11m inhabitants will continue to exist.

Gradually some of the city's problems are being faced. A colossal project, Sanegran, which involves an investment of £450m during its first stage upto 1983, is to put in 5,400 kms of drains by then, benefitting half a million residences. At present, only 40 per cent of the population of Greater Sao Paulo is on a central sewerage system. The project also entails the construction of various sewage treatment stations. Today just 1.5 per cent of sewage is processed, while the rest is discharged, untreated, into the foul-smelling Pinheiros and Tiete rivers, which have to be constantly dredged so that they do not clog up. The rivers flow into Billings reservoir, feeding Cubatão hydroelectric power station, where the waters have to be sprayed to kill the unbearable stench.

Another huge project, Planasa, is increasing the supply of piped water. Now 87 per cent of the population is on a central water system, compared with 60 per cent in 1975. This improvement has been reflected in infant mortality rates, which, after increasing rapidly since 1962, are now finally falling. The present rate of 70 deaths per 1,000 live births is still extremely high.

After a ten year delay, during which time the problem aggravated to a critical level, pollution control is now finally tightening. Multinational companies, including Hoechst, Rhone-Poulenc, Caterpillar and Perkins, have had new projects turned down by Cetesb, the state's agency for environmental protection. And fines will soon begin to really bite.

However, there is one highly critical aspect of urban development that is still not being tackled by the authorities: land speculation. No less than half of São Paulo's housing estates were set up illegally, with landowners refusing to comply with the city council's regulations concerning size and basic infrastructure. The council has done nothing except impose trivial fines, which in any case the landowner often passes on to the families purchasing the plot of land. The city has expanded in disorderly and chaotic fashion with the shameless exploitation of poor migrant families by profit-hungry landowners. Any visitor to the extensive suburbs to the east of the city, where millions of poor families live in simple brick houses that they themselves have built, will hear denunciations of double-dealing and trickery against the landlords.

Olavo Setúbal claims in desperate fashion that the council's hands are tied until it is endowed with adequate legal powers. Earlier this year, a São Paulo Arena senator, Otto Lehman, tried to push through Congress a new law that would give the city council power to imprison landowners setting up illegal estates and would allow tenants to withhold monthly payments until the estate was legalized. Lehman's failure to obtain a majority for his law is an eloquent reflection of the continued strength of the landowner class among Brazil's political parties today.

The city council has also been pushing unsuccessfully for a new progressive tax on unoccupied plots of land within the city's boundaries and for a capital gains tax on profits from the sale of unoccupied urban plots. It is remarkable that neither tax yet exists. In this way, councillors believe that they could curb the unbridled land speculation that has taken place with astute landowners leaving part of their land unoccupied so that it will shoot up in value with the eventual expansion of a basic urban infrastructure to these areas. Urban land prices in the state of Sao Paulo rocketed by a startling 1,410 per cent from 1969 to 1976. These large empty areas, of incalculable social value in a city struggling to absorb 500,000 new inhabitants each year, are an embarrassing eyesore for any urban planner.

Members of MDB, the only lega lopposition party, agree that legal reforms are urgently required, but claim that the council is justifying its own inertia by putting all the blame on legal shortcomings. Marco Aurelio Ribeiro, a young MDB lawyer running for deputy, commented: "If the council only put *into practice the present law on* housing estates, which dates from 1937 when the city was a tenth of its present size, the position of the urban poor would be vastly improved. The council has the legal power to enforce this law. What is lacking is the political will to do so."

WORLD TRADE NEWS

Britain wins on textile policy

By Giles Merritt

BRUSSELS — The European Commission is to take a tougher line in its negotiations with Mediterranean textile producers on 1979 levels of trade following a determined stand by Britain in the EEC Council of Ministers.

In a bid to ensure stronger enforcement of new and more acceptable levels of textile imports into the EEC, Britain had initially blocked the Commission's negotiations with the eight Mediterranean countries concerned.

This would have meant that from January 1 the EEC floodgates would technically have been opened for uncontrolled sales of textile products from Portugal, Spain, Greece, Cyprus, Malta, Turkey, Morocco and Tunisia. It would have been a highly sensitive political situation, for these countries have either associate or preferential status with the Common Market.

But last-minute negotiations between the UK and the Brussels Commission, which is the body that must negotiate the new voluntary textile agreements, have resulted in a British Government decision to lift its reserve at this morning's energy council.

The official British decision to accept a series of assurances from the Commission was, however, taken only after protracted discussion between UK officials in Brussels and Mr. John Smith, the Trade Secretary, who had returned to London.

The EC Commission is known to have virtually completed its negotiations with Spain, Greece and Morocco, while those with Portugal, Cyprus and Tunisia are due to be completed between Christmas and the New Year.

Britain is understood to have received firm assurances from EEC Trade Commissioner Herr Wilhelm Haferkamp, that Portuguese textile imports will in future be spread more evenly throughout the Nine. At present Portugal accounts for about £100m of the £160m Mediterranean textile sales to the EEC, and Britain receives about two-thirds of Portugal's sales.

The new textile deals are also expected to reflect British concern for stricter procedures and "warning bell" machanisms that show a trade ceiling is being exceeded.

On the question of Malta, where Britain has already imposed safeguards to halt textile imports, EEC officials suggest that no date for new negotiations is in sight.

German-USSR chemical plant

By Leslie Colitt

BERLIN — The Berliner Chemieanlagenbau, a joint subsidiary of Uhde in Dortmund and the City of West Berlin has signed a contract here with Techmaschimport of Moscow to construct a petrochemical plant in the Soviet Union worth slightly over DM 50m (£14m). The plant is to produce intermediate products with the know-how to be provided by Hüls. Engineering and equipment are to be provided by West Berlin companies to the largest degree possible while the Soviets will do the construction and assembly operation themselves.

Kawasaki wins Iraq order

TOKYO — Kawasaki Steel announced yesterday it had received an order for 100,000 tons of oil pipes from Iraq's national petroleum planning corporation.

A Kawasaki spokesman said delivery of the pipes, valued at about $40m, would begin early next year and be completed by December.

Iraq will use the pipes to transport oil from oilfields to pumping stations, according to the spokesman. Kawasaki won the order in an international bidding held last September. Giant Japanese steel makers Nippon, Nippon Kokan K. K. and Sumitomo Metal participated.

Industry officials noted that the four steel producers usually join forces to win an international order and that it is unusual that one of them alone received such a large order. The four won an order from China for 250,000 metric tons of seamless steel pipes earlier this month.
AP-DJ

Saudi steel works

Korf Stahl is negotiating a contract to build a steel works in Saudi Arabia with an annual production capacity of 800,000 tonnes, a company spokesman said yesterday. Reuter reports from Baden-Baden. Industry sources said the plant will produce steel billets and will be constructed at Yabail. Equity in the project will be held by Korf, Saudi Arabian Basic Industries Corporation (SABIC) and Deutsche Gesellschaft fur *Wirtschaftliche Zusammenarbeit*

Russian cars for NZ

The Russian designed Lada cars may be assembled in New Zealand by early 1980. Dai Hayward reports from Wellington.

Third World issues now crucial in Geneva talks

BY REGINALD DALE, EUROPEAN EDITOR

GENEVA — Reconciliation of the conflicting interests of industrialised and developing countries has emerged as one of the major outstanding problems in the final stages of the Tokyo Round of international trade talks here.

The developing countries, who were promised "special and differential treatment" when the round was officially opened in 1973, are complaining that the industrialised nations have not taken sufficient account of their interests in the package deal of trade reforms that the developed countries hope to complete in the New Year.

One consequence is that developing nations are now toying with the idea of proposing a new international code of conduct, in addition to the half-dozen codes currently under negotiation here, to cover adjustment policies.

The aim would be to oblige developed countries to adapt their industrial structures in areas in which they were losing comparative advantage to developing countries.

The proposal, still at an early stage, could surface more formally at next year's UNCTAD V meeting in Manila. It is bound to be strongly resisted by the industrialised countries for both social and political reasons.

More immediately, tough negotiations are continuing here this week on proposals by developing countries to change GATT rules in their favour in the Tokyo Round's so-called Framework Group.

The developing countries want the generalised preferences granted to them by industrialised countries to be acknowledged as part of the GATT system, rather than regarded as a favour which can be withdrawn at any time.

The industrialised countries, while agreeing that the rules could be changed to "enable" such preferences to be accorded in GATT, do not accept that the developing countries have a legal right to preferences or that the preferences are a matter for negotiation.

A second, more fundamental issue for the future of the world trading system is a counter-proposal by the industrialised countries that developing countries must in future accept the principle of "graduation."

This means that advanced "developing" countries should progressively accept the international obligations of the rich countries and surrender the privileges of the poor.

Some developing countries such as Brazil have privately accepted the need for a distinction to be drawn between the more and less advanced developing countries. But the official developing country line is still to reject any recognition of the principle in the talks here, despite strong insistence by negotiators from the U.S. and other countries.

A third difficulty is posed by the EEC's insistence that GATT members should in future have the right to impose safeguard measures against one or more countries selectively, rather than having to act against all simultaneously.

The EEC has now dropped its original demand that it should be possible to take selective safeguards in critical circumstances without prior consultation. But it still does not accept the need for prior international approval.

Whatever the outcome of the negotiations here, the developing countries are bound to criticise it bitterly. The industrialised countries, however, will try to bring as many developing countries as possible into the final agreement.

U.S. accords announced

GENEVA—The U.S. yesterday announced agrement with Austria and Switzerland in talks here for freer world trade. This follows a "comprehensive understanding" with Japan three days ago.

U.S. chief negotiator Alonzo L. McDonald described the accord with Austria as "a major element in our negotiations with developed countries."

A joint statement said the two countries had agreed to grant "tariff reductions on industrial and agricultural products of major export interest to each other."

A joint Swiss-U.S. statement indicated that the final package of agreements emerging from the negotiations would be formally concluded early next year.

Both the U.S. and Japan, the first two major participants to conclude bargaining on trade concessions with each other in the 99-nation negotiations, still have to reach agreement with the EEC.

Delegation sources said that bargaining between the U.S. and the EEC on tariff reductions were unlikely to be completed this week as earlier hoped, and would probably continue early next year. The delay is largely due to U.S. withdrawal, under heavy pressure from domestic industry, of proposed tariff cuts on some chemical, steel and textile items.
Reuter

EEC dispute over PO contracts

BY OUR EUROPEAN EDITOR

GENEVA — The UK is struggling to exempt the Post Office from moves to open up public contracts to international competition currently under negotiation here.

The aim is to agree on a new, more liberal code of conduct for Government procurement as one of the main elements of the Tokyo Round.

Post Office purchases of telecommunications equipment would not be affected, as the Nine EEC countries are not yet ready to open up this sector.

The other eight Community Governments are prepared, however, to include non-telecommunications Post Office contracts, such as those for vans and mail processing equipment.

Britain is not too worried about the practical effects of opening up such contracts to foreign bidders. The UK says its concern is that the move might set a precedent for other semi-independent public bodies. The British Post Office is much less closely controlled by the Government than postal services in the other EEC countries.

Instead of including the Post Office in the new code, the UK has offered to chip in civil contracts for defence purchases to an equivalent value. It is far from certain, however, that it will get its way.

More generally, the Government is also unhappy at the low level of the proposed threshold above which many public contracts would have to be offered to firms in other countries. The EEC and the U.S. have reached provisional agreement on a level of 150,000 special drawing rights.

UK export performance falls

BY GUY HAWTIN

FRANKFURT — The growth rate of British exports to West Germany slowed dramatically during the first 10 months of this year. At the same time, official West German statistics show that, despite substantial purchases of North Sea oil, the Federal Republic's exports to Britain went up at a faster rate than the UK's sales in the Federal Republic.

Figures researched by the British Embassy in Bonn from returns produced by the Federal Statistical Office in Wiesbaden, show that British exports to West Germany during the first 10 months totalled DM9.83bn (£2.66bn)—15.1 per cent up on the comparable figure for 1977, but under the 18 per cent growth rate recorded for last year as a whole.

In contrast, West German exports to the UK rose by 16.2 per cent to DM13.85bn (£3.74bn). Not only does this reverse the trend noted last year and the year before, but the German penetration of the British market continues apace, while the UK's penetration of the market here is flagging.

At the end of October, West Germany held 5.92 per cent of the British imported goods market. This compares with 5.31 per cent at the same point in 1977. Britain, on the other hand, held some 4.9 per cent of West Germany's imports market at the end of October against 4.8 per cent a year previously.

What is even more worrying for British trade officials is that North Sea oil continues to be providing the main impetus for export expansion with the Federal Republic. Non-oil exports went up by only 12.3 per cent to DM 8.77bn compared with DM 7.81bn in the first 10 months of 1977.

Naturally, the trade surplus in West Germany's favour—which grew even when British exports were expanding faster than those of the Federal Republic to the UK — has expanded substantially. In the first 10 months of the year it went up from DM 3.38bn during the comparable period of 1977 to DM 4.02bn.

Admittedly, British trade statistics, expressed in pounds as against fast-appreciating Deutschemarks, show British exports to West Germany growing at a faster rate than the Federal Republic's statistics indicate.

Toshiba to manufacture TV sets in Singapore

BY H. F. LEE

SINGAPORE — Toshiba of Japan plans to set up a 20m Singapore dollar (£4.6m) plant in Singapore to manufacture television sets for export to the U.S., the EEC, West Asia and Africa.

Production, which will be undertaken by its wholly owned subsidiary, Toshiba Singapore, in rented premises, will commence in February next year on a six-month trial period.

However, Toshiba has plans *to construct its own factory* building in the housing and industrial estate of Ang Mo Kio.

The six-month trial period is to see whether the Singapore-made products can meet the stringent quality control requirements of the company. Upon successful completion of the trial period, Toshiba will go ahead with its plans.

Initially it will produce colour television sets without the picture tube and cabinet. At a later stage it may add other product lines such as audio products and black and white television sets.

Production of colour television sets, if all goes well, will eventually reach 400,000 sets annually with sales at S$100m (£21.7m). The sets will be from 50cm to 100cm in screen size.

Africa defends IATA

BY JOHN WORRALL

NAIROBI — The African Airlines Association (AFRAA) in a protest against the U.S. Civil Aeronautics Board's attack on the IATA traffic conference system, said yesterday that the African nations needed "a continuing regulatory umbrella that will protect the small from the competitive might of the powerful in the world of civil air transport." The African Airlines Association represents 27 airlines.

The deadline for the submission to the U.S. Civil Aeronautics Board of "show cause" arguments why the CAB's tentative finding that IATA's fare-making machinery is against the world's public interests should not be made final expired yesterday.

In a statement yesterday AFRAA said it was in "the process of strengthening itself by seeking African governments' support to undertake the funtion that would enable African countries to agree air tariffs at least within Africa, and to evolve common fronts with respect to tariffs between Africa and other continents."

Italy-China gas project

By Paul Betts

ROME — CTIP, an Italian engineering company wholly controlled by the Rome-based Bastogi financial group, has won a $20m contract to supply eight natural gas treating plants to China.

The plants have been commissioned by the China National Technical Import Corporation (CNTIC) and are to be built in the north-east

The Italian company said it would supply all engineering services, as well as materials and equipment, and provide the construction supervision and start-up services for all the installations.

Trade Minister for SE Asia

Financial Times Reporter

MR. JOHN SMITH, the Secretary of State for Trade, is to visit Singapore, Malaysia and Thailand early in the New Year, accompanied by a team of British businessmen and a leading trade unionist.

The policy of including businessmen on such visits, with the aim of including them in high-level discussions where possible, was initiated by the former trade secretary, Mr. Edmund Dell.

This will be Mr. Smith's first major promotion tour since his appointment.

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British car makers join 'junior league'

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

BRITAIN IS now firmly in the junior league of car producers. Production this year at 1.275m will be at the lowest level, apart from 1975, since 1962.

Mr. M. W. Lacey, director of Glass's Guide services puts forward this view in Credit, the Finance Houses Association's quarterly journal. He points out that the UK output respresented only 66 per cent of the peak 1.921m achieved in 1972.

In comparison France would produce 3m cars this year, West Germany would manufacture 3.75m and Japan 5.4m.

Mr. Lacey was not particularly optimistic about 1979. The UK industry would do well to produce 1.3m cars.

UK car exports this year would total 450,000, the lowest figure since 1961. This represented 35.3 per cent of production, and was only 58 per cent of the 772,000 cars exported in 1969.

Ford was likely to finish the year with about 24.9 per cent of the UK market, and BL with 23.5 per cent. Both had hoped for 27 per cent.

Mr. Lacey asks: "Who must give way within the car market if BL is to achieve its desperately needed recovery?"

Vauxhall and Chrysler were both looking for better results next year. The foreign share of new car sales could be expected to be very close to the 49 per cent achieved this year. The three strongest Continental contenders, Fiat, Renault and VW-Audi would be looking for greater penetration.

"So even if the Japanese percentage share remains much as before, the pressure for sales will not be relaxed in the market as a whole.

"At the start of 1978, the BL production target was 819,000 cars. The outcome will have been nearer 660,000. Every British taxpayer will be pleased to see BL do well in 1979; the figures set the scene in realities."

Mr. Lacey also discussed car prices, a subject in which Glass's has much expertise. For the first time for many years, the money gap involved in changing a used car for a new one, on a like for like basis, had ceased to widen.

"This is a most significant factor, since it was the frightening escalation of he new-used price gap over the last few years that was one of the biggest deterrents to fleet renewal."

After annual rises of between 20 and 25 per cent in the three years to last year, the new car price of an average 1300 cc model had risen by only 12 per cent this year.

Meanwhile, second-hand car values had continued to hold up well. A typical two-year-old 1300 cc model with around 24,000 on the clock was likely to be selling for about £1,800 next March. This was about 59 per cent of the original price of £3,025 in March, 1977.

Glass's research suggested that retail sales of used cars rose by between 5 and 7 per cent this year, with more active dealers achieving 10 per cent.

New voice on Post Office board

BY JOHN LLOYD

MR. LEONARD WILLETT, a member of the national executive council of the Post Office Engineering Union, has been appointed as a part-time member of the Post Office Board.

He succeeds Mr. Arthur Simper, one of the union's two original appointees to the Board, who died tihs summer. Mr. Willett was elected to the Board by the union at a special conference more than three months ago.

He said last night that the last year had been critical for his union and for the Post Office, largely because of the progressive introduction of new technology. The union had felt it necessary to ward off some of the effects of that technology by a shorter working week.

There would be a continuation of the pressures after the adoption of microelectronic technology and the union would face a challenging time.

There are seven union representatives on the board, which also contains seven management members and five part-time independent members. The independents have been re-appointed for a second year.

They are Mrs. Janet Walsh and Lord Winstanley, who represent consumer interests. Mr. Derek Gladwin, a regional secretary of the General and Municipal Workers Union; Professor Michael Posner, who takes over the chairmanship of the Social Science Research Council next month, and Mr. Peter Walters, chairman of BP Chemicals.

Company to invest £10m at Kent microcircuit production plant

BY MAX WILKINSON

INTERNATIONAL Telephone and Telegraph (ITT) has decided to concentrate its investment in advanced electronic microcircuit production in a UK centre, it was announced yesterday.

With British Government help, it is to spend £10m at its plant in Foots Cray, Kent, on developing and producing new microelectronic circuits using the latest metal oxide semiconductor (MOS) techniques.

One of the most important of these products will be a 65,000-element computer random access memory chip (64k RAM).

This is the product which is expected to form the basis of the National Enterprise Board's £50m venture into semiconductor manufacture in its new subsidiary, Inmos.

The 64k RAM is also likely to be made in a new plant in the UK to be set up as a joint venture between General Electric and Fairchild, of Palo Alto, California. This venture will also be helped with Government funds.

ITT's decision to concentrate its MOS technology development in Britain may have been influenced by the Government's £70m aid scheme for the industry. But Dr. Gerry Thomas, general manager of ITT Semiconductors (UK), said that the Footscray plant had already become the company's world centre for the production of computer memories.

In the four years since it started memory production, the plant has produced 4m devices, and is now making the high-density 4,000-element (4k) and 16,000-element RAM components at the rate of 600,000 a month.

Dr. Thomas said that the ITT plant was the leading memory producer in Europe, with about 10 per cent of the world's market for the 4k device.

Production of computer memories was technologically the most challenging part of the microcircuit industry, because the very high density of components being achieved tested a company's capability to the limit.

The price of the 4k RAMs on the world market had fallen by about 40 per cent this year. Any company wishing to stay in the market must increase its efficiency by a similar amount. It must achieve this by constant technical innovation to reduce wastage and increase throughput.

ITT had chosen the UK for future development partly because of the availability of excellent engineering talent in the country. He said the company's plant at Foots Cray had also proved an attractive location for engineers coming to the UK from America and elsewhere, said Dr. Thomas.

Demand for computer courses leaps 48%

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

AN INCREASE of 48 per cent in the rate of applications for next year's universitay undergraduate courses in computing, was reported yesterday by the Universities Central Council on Admissions.

The council's latest count—taken on December 1 when two-thirds of total applications are usually in — also showed a 3.5 per cent rise, to 99,853, in the number of British candidates for university courses in general.

Foreign applications were 8.3 per cent up, at 11,756. But further increases in the admission of overseas students is being discouraged by the Government, which has threatened to reduce universities' financing if they exceed their "quota" of foreign students.

EEC in £1.1bn technology boost

BY JOHN LLOYD

EEC COUNTRIES have committed about £1.1bn in support of microelectronic technology and its appliances, Mr. Kep Simpson, director of corporate development for consultants PA International, said yesterday.

PA International has been appointed to help the UK Government plan a programme to increase awareness in industry of the applications for microelectronics. The contract for the initial plan, due to be completed by January 24, is worth £50,000 while the "awareness programme" will run over a three-year period.

The amount to be spent by each EEC country is still not known although it is likely that the UK, with a committed expenditure of up to £400m, leads the way. France has committed between £250m and £300m, West Germany a lower figure.

The budget for the three-year awareness programme has not been allocated, but it will be drawn from the £55m committed to the Microelectronics Applications Programme, announced earlier this year.

The Department of Industry said yesterday that the "overall objective is to secure full understanding among decision-makers in industry and the trade unions of the pace of the technology and the breadth of its applications in product design and in production methods."

A crash programme of conferences and seminars will be held next year in a bid to overcome the barriers which the Government believes exist in the minds tof many executives, and to encourage senior management to think of possible applications for microprocessors in their own products and companies.

Mr. James Cooke, project director of the PA team, said he thought the awareness scheme would have two parts: first, a general presentation to the estimated 50,000 decision-makers in UK industry, and second, a sector by sector approach, using more specialised information.

NEB puts £½m into two-way radio group

By Andrew Taylor

THE NATIONAL Enterprise Board is to move into the two-way radio business. It is to invest £510,000 in the loss-making Burndept Electronics — a subsidiary of the Berec Group, which runs the Ever Ready battery concern.

The NEB is to acquire a 51 per cent stake in Burndept, which makes two-way radio equipment used by most UK police forces, and other industrial and commercial customers.

In the past six years, Burndept has incurred losses totalling £1m. Berec is to retain a 49 per cent stake in the business, which it feels will benefit from the NEB's experience in electronics.

It is the NEB's long-term policy to take strategic stakes in the electronics field but, until recently, these have largely been in companies making computer-related products and systems.

Berec says it wishes to concentrate on its main business of manufacturing Ever Ready dry cell batteries.

It plans to spend between £35m and £40m over the next two to three years, mostly on developing its battery business. Cash raised from the Burndept disposal would assist this expansion.

Earlier this year Berec sold its C. M. Churchouse lighting and communications concern to Crompton Parkinson — a subsidiary of Hawker Siddeley — for about £1.4m cash.

Hodge Group given consumer credit licence approval

BY JOHN BRENNAN

TWO YEARS of doubt over the future of the Hodge Group consumer finance business was ended yesterday when Mr. Gordon Borrie, Director General of Fair Trading, accepted its applications for consumer credit licences.

The Hodge companies, part of Sir Julian Hodge's financial empire bought by Standard Chartered Bank for £42m in 1974, were warned in August that Mr. Borrie was "minded to refuse" their Consumer Credit licences.

Only 17 of the 82,000 applications received by the Office have been refused to date. But such a refusal would have forced Julian S. Hodge and Hodge Finance to stop arranging personal loans through their 100 High Street offices. And it would have made a significant dent in the Hodge subsidiaries £5m profits contribution to Standard Chartered.

Mr. Borrie said yesterday that he was taking "an exceptional course and making a statement" on his decision. This is the first time the director general has publicly commented on any of the 62,697 consumer credit licences isued by his office since August 1976.

Mr. Borrie has instructed his Office to issue licences because "a significant part of the conduct which had been subject to complaint had occurred before February 1974, when Standard Chartered Bank took control of the Hodge companies." Control exercised by the bank has "become increasingly effective during the past three years."

Mr. Borrie also considered the point that the business of Julian S. Hodge is to be transferred to its parent bank "as soon as possible" and the fact that "considerable changes had taken place in the boards of the Hodge Group."

Sir Julian Hodge, 74, and ten fellow directors stepped down from the Boards of Hodge Group companies in October.

Hodge Group's chequered past performance in the second mortgage business is believed to have been a major stumbling block in its application for a licence. Mr. Borrie notes that his decision was influenced by Standard Chartered's move to end all second-mortgage lending.

He said "It is expected that existing agreements of this type would come to an end by 1982."

Other changes in Hodge Group business practice that Mr. Borrie studied were the steps being "taken to reduce substantially the area of operations in which applicant companies accepted business through agents, business associates or other intermediaries who had no direct relationship with the borrower," and the withdrawal of contract forms which were void under the Consumer Credit Act.

Tapsell returns to back bench

By Richard Evans, Lobby Editor

MR. PETER TAPSELL, a Conservative spokesman on Treasury and economic affairs, has decided to return to the back benches in order to speak on a wider range of subjects.

Mr. Tapsell, MP for Horncastle since 1966, has been an articulate and outspoken frontbencher who disagreed with the more extreme economic policies advocated by some Right-wingers, but his resignation has not resulted from policy differences with the leadership.

He stressed yesterday in a letter to Mrs. Thatcher that he would continue to give his full support.

He considers that he would make a greater contribution to the Party's future from the back benches, "where I would be freer to speak on a number of subjects, particularly in the fields of foreign affairs and energy."

In a warm response, Mrs. Thatcher said that his services had been "of immense value" and the leadership would miss his advice and debating skills. She hoped Mr. Tapsell, a stockbroker, would one day rejoin the front bench.

Machine tool industry seeks Chinese orders

Financial Times Reporter

THE MACHINE tool industry is hoping that orders worth between £10m and £20m will be placed by China as a result of the visit to Britain by a Chinese industry delegation.

A section of the aviation industry delegation, led by Mr. Lu Tung, Minister of Machine Building, visited the London offices of the Machine Tool Trades Association yesterday.

Trade between the countries in machine tools has been negligible, but this is expected to change as manufacture of the Spey engine under licence from Rolls-Royce gets under way in China.

● The Cranfield Institute of Technology is expecting to start training Chinese personnel as aeronautical teachers next autumn.

Up to 40 Chinese men and women, will be trained to become advanced teachers in the aviation institutes of Peking and Nanking, it was disclosed during a visit to the institute by the Chinese mission.

Laker asks to sell tickets in advance

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

SIR FREDDIE LAKER, chairman of Laker Airways, yesterday asked the Civil Aviation Authority for permission to sell tickets on his low-fare Skytrain services to New York and Los Angeles in advance to prevent a repetition of the summer queues for cheap seats.

Hitherto, Skytrain has been able to sell tickets only on the day of departure. The big demand for these cheap flights — £59 single between Gatwick and New York — resulted in several hundred would-be passengers queueing in the rain outside Victoria Station, London.

Laker Airways argues that, if it is allowed to sell Skytrain seats in advance, it can cut the queues. It is not asking for a full advance reservations system, such as the major scheduled airlines operate, but it wants the right to sell seats on flights as far ahead as may be necessary to meet immediate demands.

Laker's plans have split the aviation business in this country. On the one hand, they are supported by the British Airports Authority and Westminster City Council, who had to bear the brunt of the queues.

On the other, British Airways and British Caledonian Airways are resisting the bid, because they fear that it will put Skytrain into more direct competition with themselves.

The authority's hearing continues tomorrow, but a decision is not expected until the New Year.

● Two more domestic airlines have asked the Civil Aviation Authority for permission to raise fares on internal routes from April 1, to meet rising costs.

British Island Airways is seeking rises between 6 and 12 per cent, but the airline has also asked for permission to introduce cheaper Advanced Purchase Excursion (Apex) fares.

Intra Airways has asked for rises of between 5 and 13 per cent on its main routes. It also wants to introduce a senior citizens' fare for people over 65, for round-trip journeys on the Channel Island routes at considerable discounts.

These applications follow those announced in the autumn by several UK airlines, including British Airways. The latter is seeking rises of between 5 and 8½ per cent.

Stone bow fetches £26,000

SALEROOM

BY ANTONY THORNCROFT

CHRISTIE'S ended its autumn season yesterday with a parting shot: A German stone bow from the early 17th century sold for £26,000, plus the 10 per cent buyer's premium, in a sale of antique arms and armour which totalled £127,519.

A pair of French mounted silver flintlock pistols by Mazelier of Paris sold for £7,800 and a late 16th century German wheel lock pistol was bought for £7,500 by Collectors Guns.

Sotheby's Belgravia collectors' sale produced some exceptional prices. A German buyer paid £2,400 for a Marklin tinplate steam yacht which had been estimated at £250-£400. A New York buyer gave £2,000 for an elephant and howdah cast iron money box of the late 19th century, and an English bidder £1,200 for a Mickey Mouse tinplate organ grinder. The lowest price was £4 for a 1935 Holtzapffel jigsaw puzzle.

At Christie's South Kensington, a coin-in-slot polyphon made £3,200. In a picture sale, a sea scene by Samuel Walters sold for £6,200, double its forecast.

Exploration well sunk

THE British National Oil Corporation has drilled the first exploration well in the UK sector of the Western Approaches.

The well, on Block 72/10 about 175 miles South West of Lands End, has been drilled by a semi-submersible rig on charter to the corporation which has a 100 per cent interest in the block, awarded to it in April.

Petrol priority for doctors

A WINDSCREEN label to give priority at petrol pumps to doctors who incur emergency medical commitments is being distributed by the British Medical Association to its members because of the strike threat by tanker drivers.

The label has been produced with the agreement of the Motor Agents Association.

New committee to take over docks decisions

BY PAUL TAYLOR

A STREAMLINED committee with executive decision-making powers is to take over responsibility for redeveloping London's derelict docklands.

The Docklands Joint Committee last night voted to hand over the right to make day-to-day decisions to an executive committee composed of the leader of the Greater London Council and leaders of the five London boroughs involved in the docklands strategy.

The decision will still leave overall policy decision-making to the full committee.

Critics of the new scheme see the executive committee as an attempt to turn the full committee into a mere talking-shop. It is likely, however, that the executive committee may go some way towards overcoming the problem of delays caused by the need for consultations over every decision.

A report to the committee yesterday emphasised that the full committee was well suited to producing a strategic plan, but was far less able to deal with its implementation.

Chairman of the new executive committee will be Sir Hugh Wilson, who is also chairman of the full committee.

Safety warning to night clubs

NEARLY 100 London night clubs, restaurants, pubs, hotels, theatres, cinemas and other premises have been warned by the Greater London Council that unless they fully satisfy the Council on the safety of their premises by the end of this month their annual entertainment licences will not be renewed.

DRAWING OF BONDS

URUGUAY 3½ PER CENT. CONSOLIDATED LOAN 1891

NOTICE IS HEREBY GIVEN that at a Drawing on the 22nd November, 1978, at Williams & Glyn's Bank Limited, 67, Lombard Street, London, E.C.3, the following URUGUAY 3½% BONDS of 1891 were drawn for repayment at par on the 1st February, 1979, *after which date interest thereon will cease.*

Bonds of £1,000 each

109	171	194	212	218	244	247	254	258	290	309	431	468	529	533	539
550	575	605	726	730	746	831	832	851	852	854	855	857	860	1324	1335
1443	1446	1499	1502	1504	1505	1511	1545	1552	1590	1625	1643	2117	2157	2230	2294
2331	2332	2407	2412	2459	2684	2688	2713	2715	2716	2817	2823	2862	2869	2975	2980
2982	2983	3081	3100	3101	3114	3121	3122	3142	3380	3515	3626	3689	3735	3736	3748

80 Bonds of £1,000 each amounting to £80,000

Bonds of £500 each

3773	3785	3814	3844	3845	3883	3886	3896	3913	4045	4049	4058	4080	4084	4092	4124
4136	4156	4185	4362	4434	4447	4473	4476	4480	4492	4503	4512	4516	4543	4544	4558
4559	4561	4587	4596	4611	4643	4653	4705	4708	4722	4725	4728	4764	5135	5216	5229
5235	5242	5246	5298	5300	5307	5356	5358	5361	5364	5370	5832	5860	5878	5966	6083
6095	6103	6357	6488	6492	6511	6513	6519	6525	6526	6532	6538	6541	6562	6563	6566
6567	6575	6596	6599	6607	6614	6615	6653	6745	6774	6775	6776	6779	6785	6802	6819
7209	7228	7288	7289	7290	7299	7346	7357	7373	7379	7386	7388	7409	7415	7443	7450
7451	7452	7842	8259	8513	8537	8544	8707	8713	8718	8726	8728	8789	8812	8819	8827
8832	8837	8839	8842	8997	9202	9211	9241	9252	9255	9280	9302	9305	9314	9337	9375
9779	9937	9995	10002	10003	10018	10041	10239	10261	10275	10305	10316	10343	10880	10901	10906
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

276 Bonds of £500 each amounting to £138,000

Bonds of £100 each

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

2,727 Bonds of £100 each amounting to £272,700

Bonds of £20 each

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
126921	126927	126982	126983	126996	127027	127128	127130	127136	127139	127147	127201	127205	127247	127250	127263
127274	127277	127278	127293	127327	127334	127547	127570	127585	127590	127591	127593	127597	127604	127765	127776
127789	127796	127867	127872	127908	127909	127980	127981	127986	127990	128133	128134	128144	128155	128162	128166
128216	128242	128248	128305	128309	128329	128334	128342	128692	128694	128698	128707	128858	128867	128868	128869
128890	128894	128963	128965	128970	128998	129074	129077	129082	129083	129091	129098	129120	129122	129157	129175
129178	129180	129589	129604	129655	129666	129669	129676	129701	129708	129754	129757	129767	129815	129841	129844
129845															

465 Bonds of £20 each amounting to £9,300

3,548 Bonds amounting to a total of £500,000

DRAWN BONDS with coupon number 349 due 1st May, 1979 and subsequent attached should be presented for payment at WILLIAMS & GLYN'S BANK LIMITED, 5-10 GREAT TOWER STREET, LONDON, EC3R 5DH and left three clear days *for examination.*

DRAWING OF BONDS

Officiating Notary Public:— Mr. P. Freeman of
JOHN NEWTON & SONS,
123/127 Cannon Street, London, EC4N 5AX.

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UK NEWS

CBI members vote for Centre Point

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

NEARLY 300 leading industrialists voted overwhelmingly last night that the Confederation of British Industry should try to become the first major tenant of Centre Point London's most controversial office block, in spite of a likely bill of £2.5m for converting the premises.

They brushed aside any worries that the bad image of the building might harm the Confederation's prestige. Director general Sir John Methven said that he did not believe the move would be interpreted as "capitalism propping up capitalism."

Centre Point was built in 1965 as an architectural showpiece by Oldham Estates, headed by Mr. Harry Hyams, and is now controlled by the Co-operative Insurance Society. It has never had a major tenant.

Sir John said last night: "The image of the building is no problem for us. Once we've moved in, it will be known as the CBI's headquarters and we are negotiating for it because it *meets our requirements.*" The Confederation was "not *looking for a gin palace.*"

The decision to go ahead with negotiations on the move was taken at the Confederation's *monthly council* meeting which, for the first time in its history, held a vote. This partly reflected growing demands from some member companies, especially smaller concerns, for more votes on key issues.

But the Confederation's leaders also wanted to ensure that they had the full backing for their negotiations, which are being conducted subject to planning permission by the London Borough of Camden for major conversion work.

Rent reviews

So few council members voted against the move that Sir John was not prepared to release the figures in case they *might impair the Confederation's* negotiating position with Mr. Hyams.

The Confederation wants a lease *of about* 50 years with rent reviews every eight years. It *would* start by paying under £8 a sq. ft. for about half the 30-storey office block and may encourage other trade and employers' associations to move into some of the other floors. The Housing Corporation is also believed to be discussing taking some floors.

The Confederation needs to find new offices for its 400 staff because its present headquarters in Tothill Street near Parliament Square are old and in urgent need of rebuilding or modernisation.

It is interested in Centre Point because the building is the only one it has found that can provide committee rooms plus a council chamber to house 300 to 400 people.

It has asked Camden Council for planning permission to convert a showroom in the tower block's podium into the council chamber and is budgeting *for* total building work costing about £2.5m which would include special security arrangements.

Institutions 'squeezing private investors'

Financial Times Reporter

THE INCREASING market power of the financial institutions was squeezing private investors from the stock market, said Mr. Edgar Palamountain, *chairman of the Unit Trust* Association, yesterday.

He was presenting the second stage of the association's evidence to Sir Harold Wilson's Committee on the workings of the City.

"The supply of ordinary shares has not risen to match the inevitable demand of the pension funds; in fact the stock of equities has hardly changed in the last twelve years," said Mr. Palamountain.

Demand

As a result, "institutional demand has been met from the enforced selling by private *investors, squeezed by inflation* and clobbered by penal taxes."

He gave a warning of another critical effect of "our confiscatory tax system."

In an open attack on British management, he said that executive directors of companies "*may well be less interested in* earnings and dividends than in company expansion or fringe benefits." As a result, the association "stresses that every substantial public company should have an appropriate number of non-executive directors."

More sensitive

These non-executive Board members "are likely to be more sensitive to shareholders' requirements than to purely managerial interests."

Although the association was worried about the "progressive institutionalisation" of the equity market and the eclipse of the private investor, "the idea that a handful of investment managers in the City of London are about to storm the *commanding heights of the* economy only has to be put in these terms for anybody with the smallest experience of the City to appreciate how absurd it is."

Fears of undue economic power under institutional control should be dispelled by the sight of regulatory controls preventing individual funds from taking control of public companies; inter-fund competition; and the fact that fund managers "have neither the time nor the training to interfere actively in the affairs of industrial companies."

Cement makers seek 11% price increase

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

CEMENT PRICE increases averaging 11 per cent are being sought by the manufacturers.

The Cement Makers' Federation has notified the Price Commission of its intention to raise prices from January 22 if the Commission agrees.

It says that the increases will enable the industry to do little more than recover the estimated rise in costs since the last increase a year ago.

Changes in the cement industry's pricing structure, urged in June in a Price Commission report on Associated Portland Cement Manufacturers (now Blue Circle Industries) are also being implemented.

The report recommended that the company—the UK's largest cement manufacturer—should endeavour to make changes to its pricing system and that progress in this respect should have been made by the time the next application was submitted.

The Federation said last night that the industry's existing system was being restructured with the effect that the closer customers were to works, the less prices would rise—further away from a recommendation in last year's report.

Previously, distribution costs were cross-subsidised and so spread equally over customers.

Building orders 17% up on last year

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

CONSTRUCTION ORDERS in October rose for the third month running, according to provisional figures from the Department of the Environment.

The department estimates that the current price value of all new orders won by contractors during October reached £851m, *against* £841m in September. A year earlier orders were valued at £596m.

Expressed in constant price terms, total new orders for the August-October period were 12 per cent higher than in the previous quarter and 17 per cent up on the same period last year.

New orders in the public housing sector in the quarter under review were 3 per cent *down on the previous* three months and 1 per cent lower on a year earlier.

Private housing orders showed an 11 per cent rise on the May-July period and an increase of 19 per cent on the same period last year.

Public, non-housing orders in the August-October period were 23 per cent up on May-July and 10 per cent higher than a year before. Private industrial building orders were 18 per cent higher than in the preceeding quarter and 35 per cent up on a year before.

Private commercial orders were also more buoyant, showing a 2 per cent increase over May-July and a rise of 33 per cent over the same quarter last year.

It looks as though the total value of construction output this year will show a 6 per cent rise over the previous twelve months, although half of this will have been accounted for by repairs and maintenance work rather than new building output. It will, nevertheless, be the first annual rise in output recorded since 1973.

Forecasts suggest that the industry has reached a plateau in *terms of workload and that* marginal reductions in output will be recorded next year and in 1980.

Spending curbs could be on way, says bank

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

CONSUMER SPENDING may have to be curbed in, or even before, the main Budget next spring according to an analysis of the UK economic prospects, in the first issue of Lloyd's Bank's monthly Economic Bulletin.

Mr. Christopher Johnson, the economic adviser of Lloyd's Bank, says that if real incomes look like suffering because of low wage awards, the Budget may include tax cuts.

But if, as seemed likely, real incomes went on rising sharply there might be an increase in Value Added Tax, excise duty or income tax.

Mr. Johnson says the UK cannot continue indefinitely to consume more than it produces, without running the two distinct, but interlinked, risks of accelerating inflation and return to balance of payments deficit.

Dr. Owen endorses future in EEC

By John Hunt, Parliamentary Correspondent

THE GOVERNMENT is adopting a confident but pragmatic approach to Britain's future in the EEC, according to Dr. David Owen, the Foreign Secretary. He also maintains that membership of the Community is now a fact of life for all sections of *British society,* including industrialists, trade unionists, businessmen, financiers and farmers.

His remarks are made in a *long* article on British policy towards the Common Market, which appears in the January issue of Encounter, the monthly review of politics and literature.

Dr. Owen's firm endorsement of UK membership is likely to upset the Left-wing and anti-Marketeers within the Labour Party, who are still pressing for Britain's withdrawal.

By chance, the article appears the day after a speech by Mr. Francis Pym, the new Conservative spokesman on foreign affairs, who promised that a future Tory Government would *work wholeheartedly for the* success of the EEC.

Growing strength

Dr. Owen says that the British stake is firmly set in the Community. For Britain, the Community is a permanent factor of domestic and foreign policy. Apparent failures within the EEC hide a growing strength, and he refuses to be despondent about its *future* development.

Much of the article is devoted to detailed criticism of the workings of the Common Agricultural Policy, and of EEC fisheries policy. Nevertheless, Dr. Owen insists that Britain approaches the reform of these policies in a constructive and not a carping spirit.

He also promises that on the European Monetary System, which begins in January without British participation, the UK attitude will be constructive and not one of opposition on principle.

Dr. Owen argues that the impact of direct elections to the European Assembly next June has been greatly exaggerated. The influence of the elections would take longer to develop than most people anticipate.

Tories plan more power for Auditor General

Financial Times Reporter

THE CONSERVATIVES plan to give the Comptroller and Auditor General more powers if *they* win the next General Election.

Such a move would be in line with the recommendations of the Commons expenditure committee which suggested last year that he should go beyond the purely financial and regulatory *Government auditing, on which* he concentrates, and take a more positive role in monitoring of Government managerial efficiency.

Interview

In effect, the Comptroller, at present Sir Douglas Henley, should be able to perform a similar role to that of the U.S. General Accounting Office, and *chase public money, concentrating* on resource and cost benefit analysis.

The Tory line emerged in an interview with Mr. Leslie Chapman, author of Your Disobedient Servant, in which he recounted his experience of trying to cut waste in the Ministry of Public Buildings and Works.

Mr. Chapman told the National Federation of Self-Employed's newspaper that he had received letters from Sir Keith Joseph saying that the Conservatives intended to strengthen the Comptroller's department.

CBI gives warning on high pay deals

A WARNING that the risk of high pay settlements makes it even more essential for the Government to keep public expenditure under "strict control" was issued last night by the Confederation of British Industry.

The Confederation gives its views in a memorandum to the Chancellor on his Public Expenditure White Paper, due to be published next month. "*Excessive pay claims threaten* both to lead to accelerating inflation and to limit the scope in the Budget for reducing income-tax. *It is even possible* that because of concern about inflation, a contractionary Budget will be needed.

"Against this background it is even more important than ever that Government expenditure is kept under strict control if room is to be found for the cuts in income tax that are *central to CBI economic policy* and are so vital for the recovery of the UK economy."

Total Government expenditure in 1979-80 must be limited in real cost terms to the level of 1976/77 and the current year.

"This objective can be achieved by a combination of strict cash limits, a drive against waste and inefficiency, and policy changes," the CBI declares.

Implications

When presenting its public *spending plans, the Government* should give a full account of the implications for the tax burden and Government borrowing. Expenditure, *taxation, and* borrowings could then be debated together and so linked together "in the public's mind."

The CBI's proposals are based on its *Britain Means Business* 1978 policy document, approved at its national conference last month.

It says that the £1bn to £1.5bn increase in public spending for 1979-80, indicated by the Government's present plans, should not be *implemented.*

The savings needed could come, first, from strict enforcement of cash limits which *should* "*not be relaxed to reimburse spending authorities* for any increase in inflation of their pay or other costs."

Secondly, there should be further attacks on "waste and inefficiency," partly by eliminating overlapping of functions *between different* tiers of local Government.

Third, policy changes should include the phasing out of selective aid to industry and a reduction in the role of the National Enterprise Board. This means that the CBI opposes the Government's new Bill to raise the board's borrowing limit *from £1bn to £4.5bn.*

Contingencies

Government lending to nationalised industries should be reduced as profitability improves, and housing assistance *and transport subsidies* also should be cut. Increases in social security benefits should be "strictly limited."

The Chancellor also should not announce any significant early commitments of funds from the contingency reserve. "If such reserves were kept for true contingencies, the likely savings could go a very considerable way to meeting our *target* for economies of £1bn to £1.5bn at today's prices."

UK NEWS — LABOUR

Public sector pay rises likely to bend 5% limit

BY CHRISTIAN TYLER, LABOUR EDITOR

THE CHANCELLOR has privately admitted to union leaders that pay rises for 1.5m public service workers, who are threatening industrial action from next month, could exceed the 5 per cent laid down by Government pay policy.

But Mr. Denis Healey warned that if the deals were more than 5 per cent, they might have to be phased over more than a year like the special settlements for firemen, police, university lecturers and the armed forces last year.

This further evidence yesterday of Government readiness to avert a clash with the unions which would be painful for the public, suggests that the 5 per cent is now a policy in name only. Last week, after a Commons defeat, the Prime Minister dropped sanctions against private companies which break the limit. All sections of the public sector now look likely to bend, if not break, the limit, too.

The efforts of TUC leaders, such as Mr. David Basnett of the General and Municipal Workers, to work out a formula based on some as yet undefined comparability study for public services were the cause of considerable resentment inside the TUC general council yesterday when it heard a report of Tuesday's meeting of Ministers and the TUC economic committee.

Nationalised industry unions were angry at what they saw as a divisive ploy and special pleading to get a few unions off the hook. Nonetheless, groups like the miners, power workers and railwaymen are clearly not going to rest content with a simple 5 per cent rise.

The miners are expected to push hard for a four-day week even if they do not reach the 20-40 per cent rises set out in their claim. The same pressure is coming from the Iron and Steel Trades Confederation, which is determined to get shorter hours and a more modest 8 per cent pay and productivity deal.

Mr. Alan Fisher, general secretary of the National Union of Public Employees, said the union wanted "something that is quite clear and quite sharp" before it could consider calling off industrial action. With some anniversary dates already passed, his members would not wait for a long job evaluation exercise.

Mr. Len Murray, TUC general secretary, said after the general council meeting that the unions had opened up new avenues with their demand for some pay comparability investigations. Asked if a rise of more than 5 per cent had been conceded in advance by the Government, he said that the Government had made "a sensible decision."

Judge erred over injunction, claims journalists' union

BY PHILIP BASSETT, LABOUR STAFF

THE NATIONAL Union of Journalists told the Court of Appeal yesterday that Mr. Justice Lawson, who last week granted a High Court injunction against the union which the TUC considers will severely restrict trade union sympathy action, had "erred in law" on nine counts in his judgment.

The union was appealing before Lord Denning, Master of the Rolls, against the injunction granted to Express Newspapers ordering the union to lift its instruction to Express group journalists to black copy from the Press Association news agency.

Express group journalists have refused to lift the blacking and other NUJ members are still under the instruction.

Mr. Justice Lawson granted the injunction because the blacking of PA copy was not "in furtherance" of a trade dispute. The union was therefore not protected by the "sympathy action" clauses of the Trade Union and Labour Relations Act 1974.

The NUJ said that the judge was wrong that it was more likely than not that the union would fail to establish a defence that the action was in furtherance of a trade dispute.

Having found that the union had acted solely to further the admitted trade dispute between the NUJ and the provincial newspaper employers, the judge "erred in law" by considering the probable effectiveness of the action in furthering the dispute.

And the judge erred in saying that action designed to promote the solidarity of members of a trade union on strike and/or to encourage those members to remain or join a strike could not be in furtherance.

The judge was wrong on six further points in the judgment, the union said.

Mr. John Melville Williams, QC, for the NUJ, said that it was not for the court to inquire as to the effectiveness of industrial action.

National newspaper journalists had been instructed to black PA copy "to reinforce the resolve of those who were already on strike at the PA and to persuade those who were not to join the strike." The NUJ was not strong enough to achieve a complete stoppage of the PA service. By virtue of its weakness the union was exposed to the argument that it was ineffective and so outside the 1974 Act.

Express Newspapers rejected the judge's finding that the union's intention was to further a trade dispute and that by the "balance of convenience" the company was entitled to its injunction.

Mr. Denis Henry, QC, for the Express group, said that the instruction to black PA copy was "simply too remote from the dispute in question to come under the protection of the Act."

Lord Denning said that the questions of the balance of convenience and the defence of likelihood at a trial were not applicable. If the union honestly believed on reasonable grounds that its instruction and the action was in furtherance of a trade dispute that sufficed.

The hearing continues today.

Bid to lift Times notices fails

By Alan Pike, Labour Correspondent

AN ATTEMPT by the biggest union at Times Newspapers to lift dismissal notices sent to its members at the weekend failed yesterday.

Mr. Owen O'Brien, general Secretary of the National Society of Operative Printers, Graphical and Media Personnel, said that after consulting his union's representatives at Times Newspapers he had attempted to arange a meeting with Mr. Duke Hussey, chief executive.

The idea had been to propose that where negotiations between chapels (office union sections) and management were proceeding the notices issued to NATSOPA members would not become effective. But, said Mr. O'Brien, "in line with their policy of confrontation," Times Newspapers management would not give these assurances and the idea of a meeting was abandoned.

Decision

Times Newspapers, which suspended all publication on November 30, sent out dismissal notices to more than 3,000 staff. The management's decision to go ahead with the notices led to union leaders refusing to take part in negotiations which Mr. Albert Booth, Employment Secretary, attempted to arrange last week.

Staff who have signed new agrements with the company—including journalists on both The Times and the Sunday Times—have been told that they will not receive notices. The National Union of Journalists said yesterday that "because of contradictory statements made by management" there was now some doubt over whether this was still the case. The company said last night, however, that it would stand by the agreements which it had made.

The NUJ held a national rally in Nottingham yesterday in support of the strike by provincial journalists, now in its third week.

Mr. Denis McShane, president, said that the union was not prepared to accept an employers' demand that the strike should be called off before negotiations resume. "The profits are up in provincial papers; if Fleet Street could have profits like those, the journalists there would be on £15,000 to £20,000 a year," he said.

Ambulancemen turn down £2.73 offer

BY PAULINE CLARK, LABOUR STAFF

HEALTH WORKERS' union leaders yesterday rejected a 5 per cent pay offer for 18,000 ambulancemen, and predicted an "explosion of militancy" throughout the health service over the Government's pay policy in the New Year.

The offer of a £2.73 a week rise to qualified ambulancemen was the second to a major group of workers in the National Health Service in the present wage round to be dismissed immediately by unions as "derisory."

A 5 per cent offer to 250,000 hospital ancillary workers this month angered unions because it fell far short of their 40 per cent claim and gave no increase in basic rates. Rises ranging from £2.10 a week to £6.46 were proposed as supplemental payments.

The health service unions have also been stung recently by what they regard as the Government's virtual rejection of their claim for a special case to be made of Britain's 420,000 nurses and midwives.

Ambulancemen want to be made a special case because of the phased awards to police and firemen in Phase Three.

A research document drawn up by the Confederation of Health Service Employees points out that, in a year, ambulancemen could find themselves dealing with the same accident as policemen on £7,705 and firemen on £5,711 a year, while they will be receiving only £2,971.

In line with the TUC policy on low pay, the unions have asked for a £65-a-week basic wage for sitting case ambulance drivers, £74 a week for qualified ambulancemen and a 35-hour week for all with no loss of pay.

The new offer gives basic increases from £1.94 a week for trainees at the lowest level to £3.11 at the top. The average qualified ambulanceman would receive a £54.53 basic rate, including a £7 supplement, which means an increase of 5.27 per cent.

Port chiefs seek help to raise severance pay

BY NICK GARNETT, LABOUR STAFF

THE GOVERNMENT was asked yesterday by port employers to provide extra money to boost maximum under the national dock severance scheme.

Officials of the National Association of Port Employers told Mr. Albert Booth, Employment Secretary, that the recently agreed increases in maximum severance payments for London dockers had had a severe effect on other ports.

Dockers outside London, who would normalyl be expected to take severance, were refusing to unless their terms were also improved.

The national scheme provides a scale of payments up to £7,000. The Port of London Authority scheme includes a differential of £1,500 that takes the limit to £8,500 for some groups of dockers.

The London payment was agreed by employers and the Government as a special case.

BR pay rifts at Derby

INDUSTRIAL ACTION will be inevitable unless measures are taken to solve pay differential problems at British Rail's Derby technical centre, the National Union of Railwaymen said yesterday.

Some technical officers at the centre earn £9 per week less than craftsmen employed by British Rail Engineering according to the NUR.

"In addition, relativities within the professional and technical structure itself have been distorted. There is now a difference of £1,000 between a technical officer and a senior technical officer at the top of the salary range, as compared with less than £400 in 1970."

Unofficial stoppages had already drawn attention to the tremendous dissatisfaction with the pay structure at the centre.

Staff shortages had already put in jeopardy important research projects, including the advanced passenger train. If industrial action went ahead, the NUR would ask members in the two British Rail Engineering works at Derby not to fill vacancies at the technical centre.

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Please write, giving brief details of how you meet the above requirements, to David Veall, Central Personnel Department, Alcan Aluminium (UK) Ltd., Alcan House, South Bar, Banbury, Oxon OX16 9XJ.

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To arrange an interview please contact reception at Grosvenor House Flats, tel: 01-499 6363 ext. 743, and ask for Mrs. King.

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Please write with full c.v. to Personnel Department, The Financial Times Limited, Bracken House, 10, Cannon Street, EC4P 4BY.

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LEGAL NOTICES

No. 004016 of 1978
In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of BATEMAN ALWARD GROUNDWORK LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 15th day of December 1978, presented to the said Court by KINGSTON PLANT HIRE LIMITED whose Registered Office is situate at Popham Close, Hanworth, Feltham, Middlesex, Plant Hirers, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 22nd day of January 1979, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

BLYTH DUTTON HOLLOWAY,
9 Lincoln's Inn Fields,
London WC2A 3DW.
Agents for Coole & Haddock,
5 The Steyne,
Worthing, West Sussex.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 19th day of January 1979.

IN THE MATTER OF GILLINA BUILDERS LIMITED and IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 23rd day of January, 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Philip Monjack, FCA, of 3/4 Bentinck Street, London, W1A 3BA the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 12th day of December, 1978.
PHILIP MONJACK, FCA,
Liquidator.

THE COMPANIES ACTS 1948 TO 1976
TOWER TAVERN (ALDERSHOT) LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of Leonard Curtis & Co., situated at 3/4 Bentinck Street, London W1A 3BA, on Tuesday, the 9th day of January 1979, at 12 o'clock midday, for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 13th day of December 1978.
By Order of the Board.
D. BARKER, Director.

THE COMPANIES ACTS 1948 TO 1976
EDDIE WISE (TEXTILES) LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of Leonard Curtis & Co., situated at 3/4 Bentinck Street, London W1A 3BA, on Wednesday the 3rd day of January 1979, at 12 o'clock midday, for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 14th day of December 1978.
By Order of the Board
E. WISE, Director.

THE COMPANIES ACTS 1948 TO 1976
H. G. FOWLER & CO. LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of Leonard Curtis & Co. situate at 3/4 Bentinck Street, London W1A 3BA, on Thursday, the 4th day of January, 1979, at 12 o'clock midday, for the purposes mentioned in sections 294 and 295 of the said Act.

DATED this 11th day of December, 1978.
By Order of the Board,
H. A. BROWN, Director.

No. 004004 of 1978
In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of ORANGE BUILDING SERVICES LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 14th day of December 1978, presented to the said Court by PHOENIX PRESERVATION LIMITED whose Registered Office is situate at Phoenix House, Manor Way, New Road, Rainham, Essex, Wood Preservation and Damp Proof Coursing Specialists, and that the said petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 22nd day of January 1979, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

BRABY & WALLER,
2/3, Hind Court,
Fleet Street,
London EC4A 3DS.
Ref: F/TTH. Tel: 01-583 8511.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 19th day of January 1979.

No. 004003 of 1978
In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of T. F. NORMAN & SONS LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 14th day of December 1978, presented to the said Court by J. H. SANKEY & SON LIMITED whose registered office is situate at: Station House, Harrow Road, Wembley, Middlesex, Builders Merchants, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 22nd day of January 1979, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

BRABY & WALLER,
2/3, Hind Court,
Fleet Street,
London EC4A 3DS.
Ref: F/RH/CD.
Tel: 01-583 8511.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 19th day of January 1979.

THE COMPANIES ACTS 1948 TO 1976
GLASSHOUSE PAINTINGS LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of Leonard Curtis & Co., situated at 3/4 Bentinck Street, London W1A 3BA, on Friday, the 5th day of January 1979, at 12 o'clock midday, for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 14th day of December 1978.
By Order of the Board.
J. E. BESKETT, Director.

COMPANY NOTICES

BAYER AKTIENGESELLSCHAFT
5% CONVERTIBLE LOAN STOCK

1965 Issue:
S. G. WARBURG & CO. LTD. announce that interest for the period 1st January, 1978 to 31st December, 1978 for the 1965 issue will be payable from 2nd January, 1979, at the rate of 6.9375% per annum against presentation of Coupon No. 14.

1969 Issue:
S. G. WARBURG & CO. LTD. also announce that interest for the period 1st January, 1978 to 31st December, 1978 for the 1969 issue will be payable from 2nd January, 1979, at the rate of 6.9375% per annum against presentation of Coupon No. 10.

Coupons should be lodged with S. G. WARBURG & CO. LTD., Coupon Department, St. Albans House, Goldsmith Street, London EC2P 2DL, from whom claim forms can be obtained.

United Kingdom Income Tax will be deducted at the rate of 33p in the £ unless claims are accompanied by an affidavit.

German Capital Yields Tax deducted at 25.00% is recoverable in full by United Kingdom residents and S. G. Warburg & Co. Ltd. will provide appropriate forms for such recovery upon application.

30, Gresham Street,
London EC2P 2EB.
21st December, 1978.

THE "SHELL" TRANSPORT AND TRADING COMPANY, LIMITED

NOTICE IS HEREBY GIVEN that a balance of the register will be struck on Thursday, 4th January, 1979, for the preparation of the half-yearly dividend payable on the Second Preference Shares for the six months ending 31st January, 1979. The dividend will be paid on 1st February, 1979.

For Transferees to receive this dividend, their transfers must be lodged with the Company's Registrar, Lloyd's Bank Limited, Registrar's Department, Goring-by-Sea, Worthing, West Sussex, not later than 3.00 p.m. on Thursday, 4th January, 1979.

By Order of the Board.
T. J. MADLEY,
Assistant Company Secretary.
Shell Centre,
London SE1 7NA.
21st December, 1978.

JARDINE, MATHESON AND CO., LIMITED

NOTICE

Notice to the holders of outstanding warrants to subscribe for stock units of Jardine, Matheson and Co., Limited issued by the Bank of Bermuda Limited, as depositary, on 16th November, 1971.

The number of stock units issued in respect of the interim dividend paid to stockholders on 18th December, 1978, for the year ending 31st December, 1978, to those stockholders who did not elect to receive the cash alternative does not, in accordance with condition 5(a) of the terms and conditions of the warrants, give rise to an adjustment to the subscription price existing immediately prior to the record date for the interim dividend.

Accordingly, the subscription price which will be applied in calculating the number of stock units to be issued to warrant holders who exercised their warrants after the record date of 3rd November, 1978, and before the expiry of the option period on 15th November, 1978, will remain at HK$7.40.

By Order of the Board.
K. W. YOUNG,
Company Secretary.
Hong Kong.
19th December, 1978.

PUBLIC NOTICES

GREATER LONDON BILLS
£25m Bills issued 14.12.78 maturing 15.3.79 @ 11.686%. Total applications £139.0m. Bills outstanding £80m.

STRATHCLYDE REGIONAL COUNCIL
£6,000,000 Bills issued 20.12.78 maturing 21.3.79 at 11¾%. Applications totalled £49,500,000 and there are £24,000,000 Bills outstanding.

EAST SUSSEX COUNTY COUNCIL
£2.0m issued 91 days 20.12.78 to 21.3.79 at 11 47/64%. Applications totalled £24.75m. Outstanding £8.0m.

SEVENOAKS DISTRICT COUNCIL
£400,000 Bills offered 15.12.78 for payment 18.12.78 due 19.3.79 at 11[illegible]. Applications totalled £3.0m. No other Bills outstanding.

هكذا من الأصل

APPOINTMENTS

Sir Henry Plumb joins Fisons

Sir Henry Plumb, retiring president of the National Farmers' Union, has joined the Board of FISONS, the fertiliser company, as a non-executive director. Sir Henry, who leaves the NFU early next year, is also known to be seeking a seat in the directly-elected European Parliament. He was elected leader of the union nine years ago and is a past president of the Royal Agricultural Society of England, and the Common Market farmers' organisation, COPA.

Mr. Roy D. Thomas, who joined Fisons last year as finance director and an associate member of the main Board, has become a full director. He will continue to be responsible for controlling the group's global financial resources.

★

Mr. F. B. Doyle is to be appointed to the Board of BOOKER McCONNELL from January 1. He is also to become chairman and chief executive of the engineering division, formed by a merger of the fluid engineering and general engineering divisions.

★

At AUTOMOTIVE PRODUCTS the *Leamington Spa-based* specialists in vehicle brakes and transmissions, Mr. John T. Panks becomes chairman from January 1, and continues as chief executive. Mr. J. B. Emmott, the retiring chairman, continues the family connection with the Board by accepting life presidency of the company and will remain a member of the board in a non-executive capacity. Mr. Jack Emmott succeeded his father, Mr. Willie Emmott, the original founder of the company.

★

The BURMAH OIL COMPANY has agreed to release Mr. P. G. Simonis from his Board appointments within the Burmah Group from February so that he can succeed Sir Alan Pullinger as chairman of the HADEN CARRIER GROUP. Mr. Campbell Anderson, the director responsible for shipping and special projects at the Burmah Group's headquarters, will take over from Mr. Simonis responsibility for the Group's industrial companies and activities. Mr. R. S. Haddow, president of Burmah Oil Tankers, who was appointed to the parent Board on January 25, 1978, will carry overall responsibility for Burmah's shipping, terminal and liquified natural gas transportation interests.

★

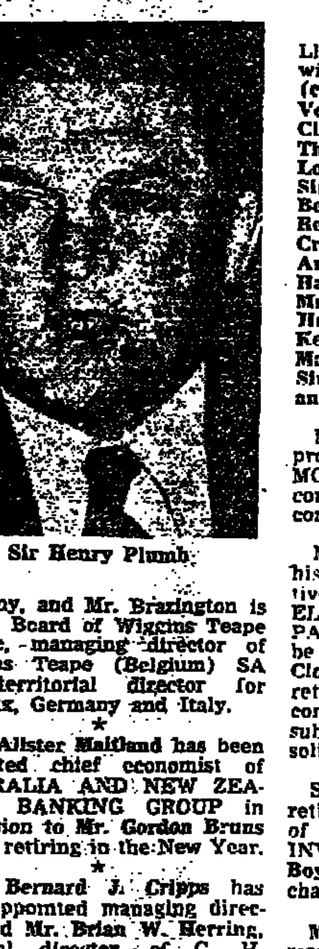
Mr. A. P. de Gens, regional co-ordinator Africa and South Asia, has been appointed a director of SHELL INTERNATIONAL PETROLEUM COMPANY from January 1.

★

Mr. Patrick Best, chairman designate of Wiggins Teape, and Mr. George Whittaker, a director of the Guinness Peat group, have joined the Board of SPILLERS as non-executive directors.

★

Directors appointed to WIGGINS TEAPE (the principal UK-operating company of the Wiggins Teape Group) from January 2 are Mr. John Berry, deputy group personnel director, Mr. Alex Halliday, general manager, Fort William Mill, and Mr. Ian Kennedy, divisional general manager of the UK printings and writings division. They replace Mr. S. Burroughs, Mr. J. Chumrow and Mr. E. Brazington who have resigned from the Board of the UK company. Mr. Burroughs and Mr. Chumrow are directors of The Wiggins Teape Group, the parent



Sir Henry Plumb

company, and Mr. Brazington is on the Board of Wiggins Teape Europe, managing director of Wiggins Teape (Belgium) SA and territorial director for Benelux, Germany and Italy.

★

Mr. Alister Maitland has been appointed chief economist of AUSTRALIA AND NEW ZEALAND BANKING GROUP in succession to Mr. Gordon Bruns who is retiring in the New Year.

★

Mr. Bernard J. Cripps has been appointed managing director, and Mr. Brian W. Herring, financial director, of C. H. PEARCE AND SONS (CONTRACTORS).

★

Mr. Bjorn Mattsson, head of the international department since May 1, 1978, and deputy general manager from June, has taken over the deputy general managership of SKANDIA INSURANCE with responsibility for international operations from Mr. Bengt Becker who has left the company for health reasons. Mr. Becker has also retired as chairman of Skandia UK Insurance. Mr. Mattsson takes his place on January 1, while Mr. A. R. Lefort succeeds Mr. F. H. Paxton as director and secretary. Mr. L. J. Griffin also becomes a director. There will be no change in the composition of the Board of Skandia Insurance (UK Contact Office) and Mr. Becker remains as chairman of that company.

★

C. E. HEATH announces the following appointments in its subsidiaries: Mr. R. Chisholm was appointed an assistant director of C. E. Heath and Company (International) on December 1. Mr. G. M. Addiscott and Mr. A. E. Fell become directors of C. E. Heath and Company (North America) at the beginning of next year. Mr. B. J. Williams is made a director of C. E. Heath (North American Reinsurance Broking) on January 1, while Mr. K. L. Pearson takes up the post of assistant director for the same company on January 1.

★

Mr. Basil Tye, currently deputy-director, will succeed Mr. Dean Delamont as motor sport director for the RAC on his retirement at the end of March. Mr. Delamont retains his interest in motor sport by taking over administration of the Motor Sport Training Trust, set up by the RAC and Auto Cycle Union to train newcomers to the sport, including marshals and other officials.

★

As announced yesterday, LLOYDS BANK will be restructuring its Board on January 1, including the formation of a new wholly owned management company—Lloyds Bank UK Management. The Boards will be constituted as follows.

Members of the board of Lloyds Bank will be: Sir Jeremy Morse (chairman), Sir Reginald Verdon-Smith, Sir Michael Clapham, Sir Michael Wilson, Mr. C. J. Montgomery, The Marquess of Abergavenny, Lord Aldington, Sir Lindsay Alexander, Sir Ivor Baker, Viscount Bearsted, Lord Beeching, Viscount Caldecote, Mr. Roland A. Cookson, Mr. A. J. Davis, Sir Eric Faulkner, Sir Arnold Hall, Sir Patrick Hamilton, Mr. N. W. Jones, Lord Lloyd, Sir Peter Matthews, Mr. B. H. Piper, Mr. B. F. W. Scott and Mr. E. Y. Whittle.

Members of the board of Lloyds Bank UK Management will be: Sir Jeremy Morse (chairman), *Sir Reginald* Verdon-Smith, Sir Michael Clapham, Sir Michael Wilson, The Marquess of Abergavenny, Lord Aldington, Mr. R. R. Amos, Sir Ivor Baker, Viscount Bearsted, Lord Beeching, Mr. Roland A. Cookson, Mr. F. W. Crawley, Mr. A. J. Davis, Sir Arnold Hall, Sir Patrick Hamilton, Mr. A. B. Hampton, Mr. S. James L. Hill, Mr. T. J. Howes, Mr. G. C. Kent, Lord Kenyon, Lord Lloyd, Sir Peter Matthews, The Earl of Morley, Sir Daniel Pettit, Mr. R. O. Steel and Mr. George M. Williams.

★

Mr. Bernard Adler has been promoted to finance director at MOTHERCARE. He joined the company in 1976 as financial controller.

★

Mr. H. T. Astley will relinquish his appointment as chief executive and managing director of ELASTIC RAIL SPIKE COMPANY on December 31. He will be succeeded by Mr. Bryan Clough. Mr. Astley will be retained by the company as a consultant. The company is a *subsidiary of Charter Consolidated.*

★

Sir Nicholas Cayzer, has retired as chairman and director of LONDON AND GARTMORE INVESTMENT TRUST. Mr J. E. Boyd has been appointed chairman.

★

Mr. Nigel Lee becomes managing director of LEE STEEL STRIP from January 1, a subsidiary of Arthur Lee and Sons.

★

Mr. E. C. Hancock, sales director, THE FALCON PIPE GROUP is to retire on December 31. Mr. John E. Bolton, previously marketing services manager, is appointed marketing and sales manager.

★

Mr. John C. Wheatley will retire from the Board of TPT on December 31 through ill-health. He will also retire as managing director of TPT subsidiary Wheatley Davies, West Bromwich, printed carton manufacturer, on the same date.

★

Mr. A. K. Gill and Mr. J. V. Wilkinson, divisional managing directors of Joseph Lucas (the management Board of the group) have been appointed directors of LUCAS INDUSTRIES—the main Board.

★

The IMPERIAL LIFE Assurance Company of Canada has appointed Mr. R. H. A. Wain assistant general manager for the UK from January 1.

Changes at Lazard Brothers

Mr. Verner Wylie becomes an additional deputy chairman of LAZARD BROTHERS AND CO., which announces the following appointments from January 1. Mr. Michael Baughan, Mr. James R. S. Bryant, Mr. Peter R. Godwin, Mr. Neil D. M. Mackay and Mr. Ronald N. de Grey Skipworth become executive directors, and Mr. Per Michael Hansson, the company's representative in Oslo, becomes a director.

Mr. Peter M. Archer, Mr. Robert D. Clegg, Mr. Alan C. Jeans, and Mr. Alan C. Wrigley will become assistant directors.

Mr. Michael d'Arcy Benson, Mr. James A. Cave, Mr. Stewart I. Millman, and Mr. Anthony Puckridge become directors of Lazard Securities, and Mr Ian Wiseman becomes a director of Lazard Leasing.

★

KEYSER ULLMANN has made Mr. T. K. Day a director.

★

Mr. Hans J. Lang has been appointed chairman and chief executive of the Kansas City-based Pritchard Corporation. This U.S. company is a subsidiary of Keang Nam Enterprises, a Korean construction firm.

★

The Industry Secretary has appointed Mr. Leonard A. Willett as a part-time member of the POST OFFICE BOARD. He was nominated by the Post Office Engineering Union as part of a two-year experiment in industrial democracy. The appointment will run until December 31, 1979. Mr. Varley also announced that the following will serve for another year on the Board: Mr. Derek Gladwin, Professor Michael Posner, Mrs. J. E. Walsh, Mr. Peter Walters and Lord Winstanley.

★

Mr. R. D. Wallby, chairman, retires from GILLETT BROTHERS DISCOUNT COMPANY on January 1 to pursue other interests. Mr. Ian Logie will succeed the chairman and Mr. James Kilpatrick, the present deputy chairman, will become chief executive. Mr. Logie who will remain deputy managing director of European Banking Company will take the role of non-executive chairman at Gilletts.

★

Prof. J. I. G. Cadogan, Forbes Professor of Organic Chemistry at the University of Edinburgh, has been appointed chief scientist, BP RESEARCH CENTRE, from August. Professor Cadogan has been consultant to the BP Group for 16 years.

SEAGRAM DIRECTOR

Iain M. Tennant

Iain M. Tennant, chairman of The Glenlivet Distillers Limited, Edinburgh, was elected to the Board of Directors of The Seagram Company Ltd., at the recent annual meeting of shareholders in Montreal. Mr. Tennant is also chairman of Grampian Television Limited and a director of a number of other companies including Caledonian Associated Cinemas Limited, Moray and Nairn Newspaper Company Limited, Scottish Northern Investment Trust Limited, and Clydesdale Bank Limited. The Seagram Company Ltd. is the world's largest producer and marketer of distilled spirits and wines.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100): engineering orders (1970=100): retail sales volume, retail sales value (1971=100): registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unemployed	Vacs.
1977							
3rd qtr.	105.3	103.3	106	104.3	234.2	1,413	151
4th qtr.	105.9	102.1	107	104.4	239.4	1,431	157
1978							
1st qtr.	107.1	102.5	110	105.3	245.0	1,409	188
2nd qtr.	111.1	105.0	106	108.0	254.2	1,367	213
3rd qtr.	110.6	104.8		110.3	267.6	1,380	213
June	111.8	105.9	99	108.7	257.3	1,365	217
July	111.3	105.3	109	111.4	265.3	1,371	211
August	111.4	105.6	110	111.8	270.3	1,392	209
Sept.	110.4	104.5		109.5	266.6	1,378	219
Oct.	109.3	103.3		109.6	287.2	1,360	228
Nov.				109.5		1,339	231
Dec.						1,321	231

OUTPUT—By market sector: consumer goods investment goods, intermediate goods (materials and fuels): engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1977							
3rd qtr.	104.3	93.7	116.5	99.9	107.3	101.3	25.4
4th qtr.	104.9	97.5	114.4	98.7	95.2	100.2	20.7
1978							
1st qtr.	105.3	99.8	116.3	100.8	95.4	97.2	17.8
2nd qtr.	107.9	99.2	122.9	100.7	109.2	99.4	27.1
3rd qtr.	107.1	100.5	122.4	101.6	102.3	100.6	22.8
June	109.0	100.0	124.0	101.0	112.0	100.0	30.9
July	106.9	101.0	124.0	101.0	113.0	104.0	23.6
August	109.0	101.0	122.0	103.0	93.0	104.0	29.3
Sept.	107.0	100.0	122.0	100.0	101.0	101.0	24.5
Oct.	106.0	98.0	132.0	98.0	101.0	99.0	24.1

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance; oil balance; terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. USSbn*
1977							
3rd qtr.	124.4	106.6	+ 31	+575	−602	101.0	13.4
4th qtr.	117.6	102.7	− 5	+591	−657	102.4	20.39
1978							
1st qtr.	119.5	114.1	−642	−413	−642	104.8	20.63
2nd qtr.	122.0	110.3	−182	+128	−398	104.6	16.75
3rd qtr.	125.3	116.1	−342	− 26	−515	105.3	16.55
July	125.3	116.1	−152	− 47	−221	104.6	16.74
August	124.4	111.3	+ 46	+152	− 98	105.7	16.4
Sept.	125.1	120.8	−236	−131	−196	105.5	16.51
Oct.	127.4	111.9	+ 97	+217	−131	105.3	15.97
Nov.	134.5	120.3	−192	− 72	−167	106.6	15.67

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate): domestic credit expansion (£m): building societies' net inflow: HP, new credit: all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1977							
3rd qtr.	280.0	10.4	20.3	+365	1.157	1.149	7
4th qtr.	23.2	12.6	8.7	+698	1.639	1,189	7
1978							
1st qtr.	24.3	23.8	17.5	+1,791	1,049	1,260	6½
2nd qtr.	8.5	15.7	24.6	+2,858	694	1,393	10
3rd qtr.	16.8	5.3	8.6	+525	746	1,427	10
July	9.3	9.5	34.7	+104	209	458	10
August	5.7	1.6	15.7	−292	200	493	10
Sept.	16.8	5.3	8.6	+713	346	476	10
Oct.	13.8	5.5	1.8	+535	363	469	10
Nov.	12.3	10.6	9.8	+106	261		12½

INFLATION—Indices of earnings (Jan. 1976=100): basic materials and fuels, wholesale prices of manufactured products (1975=100): retail prices and food prices (1974=100): FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1977							
3rd qtr.	116.1	148.4	142.9	184.7	192.1	239.9	61.8
4th qtr.	119.9	142.3	145.8	187.4	193.3	234.2	63.3
1978							
1st qtr.	123.1	140.2	149.2	190.6	197.3	238.61	64.6
2nd qtr.	129.9	146.3	152.0	195.8	203.8	242.27	61.5
3rd qtr.	133.2	144.9	154.7	199.2	206.2	253.74	62.4
July	133.6	145.8	153.8	198.1	206.1	237.68	62.1
August	131.7	144.2	154.8	199.4	206.2	248.54	62.4
Sept.	134.2	144.8	155.7	200.2	206.3	253.74	62.7
Oct.	135.1	145.8	156.6	201.1	205.6	265.22	62.5
Nov.		147.2	157.1	202.5	207.9	263.63	62.7

* Not seasonally adjusted.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● DATA PROCESSING

University network

ONE OF the most powerful computer service units in the world has officially opened on the Bath University campus yesterday by Professor Robert Churchhouse, chairman of the Computer Board for Universities and Research Councils.

An ICL 2980, it was formally connected to the system linking the computers at Bath, Bristol and Exeter Universities, University College Cardiff and the University of Wales Institute of Science and Technology.

In effect, the universities in the South West have succeeded in creating a giant computer out of their five separate computers which will provide much improved facilities to aid university research, and at the same time save a great deal of public money.

Central to the system are 12 disc stores, each of which holds 20m characters, for a total of 2,400m characters to which there is immediate, instantaneous access.

The computer network works at [illegible] bauds and is highly automated. Data fed into the computer of any of the member universities can be automatically processed by the University which holds the appropriate program to solve the problem.

Multi-use machines

APPLICATIONS in commercial, scientific and educational environments are expected for the Harris Systems S500 and S570 machines, essentially upward compatible extensions of the company's Series 100 computers.

Supporting 48 or 64 interactive terminals respectively, the two machines have operating systems enabling them to perform concurrent timesharing, multi-stream batch, remote job entry and real time processing. Virtual memory technique is employed.

The machines, each of which makes use of the same Series 500 central processor, are able to directly address main memory which is expandable up to 3072k bytes, and a 6k byte cache memory with 70 nanosecond access time.

Software includes a virtual memory manager, interactive text editor, support libraries and language processors.

Harris Systems is at Box 27, 145 Farnham Road, Slough, Berkshire (Slough 34666).

● ENERGY

Sun helps glasshouse heat itself

A GREENHOUSE which largely manages its own heat supply is intended to make a drastic reduction in the fossil fuel consumption in horticulture.

About 3.4m litres of fuel oil is expended annually in Western Germany on keeping glasshouses at the correct temperature, or almost 2 per cent of the overall oil consumption.

Scientists at Hanover Technical University's Institute of Technology in Horticulture and Agriculture have developed a simple system enabling solar energy to be used for heating glasshouses.

Fundamentally, a glasshouse is nothing more or less than a sort of collector which traps the sun's heat: it allows short-wave solar radiation to pass through its panes and retains the heat by absorbing part of the converted long-wave radiation. This is the effect which raises the temperature in a glasshouse.

When the sun's rays are intense, however, the temperature often rises so steeply that the building has to be ventilated *to protect the plants from harm.* To use this surplus heat instead of simply releasing it into the atmosphere, as has been the case hitherto, is the aim of the new heating system, upon which the Hanover scientists recently read a paper at a status seminar entitled "The Rational Use of Energy" held by the Federal Ministry of Research and Technology at Berlin Technical University.

For their project, which was funded by the Ministry, the scientists used a glasshouse which in all its essentials was of conventional design, but double-glazed, especially well insulated, and equipped with particularly large panes. The usual ventilation panes were lacking. A regulated forced draught ensures that the plants receive the quantity of carbon dioxide they require for photosynthesis to build up bio-mass.

When solar radiation drives the temperature in this glasshouse up higher than necessary or than is good for the plants, *two devices, used as heat exchangers* and filled with water from a cold water tank, go into action. They suck in the air heated by the glasshouse effect *and return it to the glasshouse* via perforated foil hoses. During the hours of darkness, the greenhouse is heated by the same devices. For this purpose they need hot water, which is taken from another tank.

A heat pump between the two tanks ensures that the cooling water is adequately cold and the heating water adequately hot by cooling the sun-heated water during the hours of daylight and heating the water for use during the hours of darkness.

In this manner, from about the end of March to the beginning of October and during the night, when the thermometer drops, or during periods of poor weather, a glasshouse can be heated without any form of auxiliary heating, simply by making use of the solar radiation absorbed and stored.

Another advantage is that the auxiliary winter heating system can be designed smaller than has been the case hitherto. Up to the present, boilers have *always had to be designed to* meet the lowest conceivable temperatures, so that they are only partially used during the rest of the year. Where there is a storage unit, however, it can be heated during the hours of daylight by the auxiliary heating, when solar power is inadequate. Peak requirements can then be taken from the storage unit on very cold nights.

Theoretically, it would be possible to use the surplus energy provided during the summer months to heat the greenhouse during the winter entirely, to the exclusion of the auxiliary *heating.* However, the size of the cooling and storage units required make such a process uneconomical at present.

Seawater used in experimental battery

A NOVEL primary battery using aluminium and air as electrodes and sea-water as the electrolyte, *and which forms an open system* with the sea-water, so to speak, has been developed by Professor Wolf Vielstich of Bonn University's Institute of Physical Chemistry.

Its capacity is high. The best present-day (non-rechargeable) primary batteries yield between 300 and 400 watt-hours per kilogramme; the new battery, in its "open system," yields between 900 and 1,800. Admittedly, if the system is closed, so that only the requisite quantity of 3 per cent seawater is added, this figure is reduced to something between 200 and 400 watt-hours per kilogramme.

Voltage produced is a little better than half a volt per cell. The air electrode consists of a special porous system, and the aluminium of the other electrode dissolves, as the chemical process progresses, into aluminium hydroxide or argillaceous earth.

The difficulty in practice is that these batteries, as "open systems," are very sensitive to *any change in position,* so that, fundamentally, the object of the first demonstration of the battery, a model boat, was not seaworthy. Practical applications are likely to be in stationary plant.

● MATERIALS

Improved paint for refinishing

BY EMPLOYING better pigments and resins Inmont has been able to bring out an improved version of its Super-Max acrylic enamel.

Called Super-Max 2K, the product is suitable for low bake, air drying or force drying applications and *is claimed to* be able to hold both colour and gloss for longer periods—resprayed areas on vehicles are less likely to weather differently to the remainder.

The product is being made in France in 50 base colours for use on the Inmont mixing *machine;* it can be mixed using existing company formulae to produce 30,000 car colours.

Curing takes half an hour at 60 deg. C low bake: using the company's *rapid hardener* air drying takes three hours at 20 deg. C. The coat is dust-proof after 10 to 15 minutes.

The fast curing properties also result in good petrol resistance, polishability and recoatability.

More from Well Lane, Wednesfield, Wolverhampton, Staffordshire WV11 1XR (0902 731845).

● COMPONENTS

Reliable capacitor

BIVAR is a dry metallised film capacitor for application on most low voltage networks and, Bryce Capacitors (BICC) says, it is the first reliable dry metallised film power capacitor, thanks to the use of advanced dielectric materials and metallisation.

Tests have shown that the use of a low-loss electrical grade polypropylene dielectric means that power losses in Bivar capacitors are extremely low, amounting to 20 per cent of a conventional impregnated paper dielectric capacitor. Substantial savings on running costs are possible.

BICC, POB 1, Precot, Merseyside L34 552. (051 426 6571).

● PROCESSING

Solvent recovery plant

LOW COST solvent recovery plant with a fan-cooled, closed-circuit water saving section has been developed by All Purpose Machines and Plant, in conjunction with Uniroyal for use with its new "Flex Light" printing process.

Similar to its standard plant, which can reclaim used solvents such as acetone, toluene, ethanol, methanol, trichloroethylene and others, this plant reclaims perchloroethylene contaminated with 5 per cent rubber.

Novel aspects of this particular unit include the closed-circuit water cooler, which recirculates the cooling water from the distillation unit; a fail-safe air-operated ventilation system which evacuates vapours away from the operator when the *flask is opened;* and a fail-safe flask filling valve.

Designed for batch process, this plant can process approximately 25 litres per hour, the solid waste and *sludge being* discharged from the flask drain port.

All Purpose, Victoria Works, Barton Road, Victoria Estate, Dukinfield, Cheshire SK 164 US (061-330 3860).

High-speed stoving

DRAMATIC reductions in the time taken to stove powder coatings is reported with electrical medium wave infrared heating, following trials carried out under full production conditions at a stoving machinery manufacturers.

According to initial tests carried out in November, this type of heating offers advantages in terms of reduced stoving time when compared with either short- or long-wave electric heating. There can be as much as a 40 per cent reduction.

Such savings in terms of stoving time and oven lengths are important advantages that can be realised on many types of substrates over more conventional ovens.

Use of this new method of curing is most suitable for items up to 3-4-inch in width, *either flat or cylindrical. It is* of particular benefit for components which are heavy in weight, because when using medium-wave infrared it is not necessary to treat the whole of the mass of metal to cure out the powder, thus giving considerable savings in energy and *process time.*

Already an order has been placed for a Wallace Knight infrared stoving oven which, it is thought, will be the first of this type in the UK to be used in conjunction with an electrostatic powder application system.

Wallace Knight, 515 Ipswich Road Trading Estate, Slough, Berks SL1 4EP. 0753 28151.

● HEATING

Heat costs kept down

OPTIMISER CONTROLS for intermittently occupied buildings, that maintain internal temperatures regardless of ambient conditions, save energy by cutting down early morning consumption and reduce fuel bills by up to 25 per cent.

Teddington Industrial Equipments calls the unit "Thermathrift 2." It offers automatic start-up and frost protection in any commercial, industrial or institutional establishment. It can be used to control any heat source, pumps or zone valves in conjunction, if necessary, with weather compensators, programmers and time clocks.

A room thermostat controls space temperature on a 24 hour programme, and a low temperature switch provides either frost or condensation protection. If zone control is required, an extra *switch* can be incorporated to control a valve.

Maximum energy economy is ensured by minimal periods of operation, the unit's thermal system constantly *monitoring* space temperature in order to establish the latest start-up time for pre-heat, provide low temperature protection, and maintain constant temperature during occupancy. This is achieved by an hydraulic thermal expansion system which advances or retards the starting point of the pre-heat period according to temperature variations and in relation to a cam driven by a clock motor.

Teddington is at Windmill Road, Sunbury-on-Thames, Middx. 76 85500.

McCann-Erickson is considered disciplined, practical, well-managed. It also gathers in new advertising accounts like a combine harvester, so that it is on the brink of becoming Britain's biggest-billing agency.

Profile by Michael Thompson-Noel

The right one, the bright one

LIKE THE brands they promote, advertising agencies sometimes acquire reputations that are at odds with reality. Some are thought out of touch, some too frantically on the button. Some are dubbed song and dance shops, *others scorned for lack* of pace. It is a tribute, then, to the skill with which McCann-Erickson has positioned itself in the market that it enjoys a reputation that is corroborated at all levels of inquiry. It is arguably the best-run agency in Britain. It is considered disciplined, practical, well-managed—above all, businesslike. It gathers in new accounts like a combine harvester, sheaves them carefully, then works night and day to protect them from changes in market climate or the flattery of predators. It moves well, punches hard. McCann is street-wise, if not street-mean. No wonder it is about to become Britain's biggest-billing agency.

Even the negatives are positive. "Mechanical McCann," says a rival, adding that by that he really means its ability to perceive and help solve the marketing problems of clients as diverse as Tesco and Levi Strauss, Lyons Tetley and Esso, Carreras Rothmans, Bass Charrington and the the Milk Marketing Board. "Hatchetmen," says another, admitting that he wished he could woo a fraction of McCann's higher management. "Cowboys," says a third, wishing he could win a fraction of its business.

Which explains why McCann-Erickson is the agency of the year, perhaps of any other. In recent times it has added more growth to a bigger turnover base than has been achieved in Britain before. In 1968, MCann billed approximately £7m. By 1974, billings were £25.1m, fractionally in excess of 4 per cent of all expenditure through IPA agencies. This year, total group billings should reach £75m—£59m handled by the main agency, the rest via its Harrison McCann and Universal McCann satellites.

New business growth, as the Sunday Times so accurately explained before its unfortunate suspension, is the lifeblood of any advertising agency, which is why the McCann group at present is suffused with haemoglobin.

In 1977, McCann-Erickson gained an annualised £10.8m, shedding only £492,000. This year it has added on £10.15m, against estimated losses of £3.55m. Harrison McCann has added on £3.88m, losing £1.45m, and Universal McCann is showing gains of £1.6m, losses of £250,000.

The group's 1978 gains sound like a roll call of commerce, including Kodak (a £3m account unceremoniously plucked out of J. Walter Thompson), the launch of the Daily Star for Express Newspapers, Kentucky Fried Chicken's £1.2m, Associated Weavers, Pyrex and Pork Farms, plus numerous new appointments such as Bubblicious chewing gum for Warner Lambert, Tesco's *Home 'N' Wear*, the COI's Job Centres, Bass Charrington's Stone's Bitter Ale and Tennent's lager, and Dunhill Mild International. On the debit side are chunks of Ladbroke, Johnson's Wax and *Thomas Cook (resigned)*.

Like two other London agencies, Wasey Campbell Ewald and now Lintas, McCann is part of the vast Interpublic fold. With total billings this year expected to reach $1.8bn, Interpublic is the largest ad agency complex in the world. Of that total, McCann-Erickson this year expects to handle approximately $1.2bn, including $600m in Europe and $350m in the U.S. That makes McCann the *third largest individual agency* network in the world and by far the largest outside the U.S.

The London office opened in 1927 when Harry McCann decided to extend his U.S. agency into Europe, initially to service Esso (*in 1970* Esso was still accounting for a third of McCann's London billings). By the mid-1950s McCann had become a genuinely international network, representing clients such as General Motors, *Coca-Cola, Del Monte*, Henkel, Tampax, Lufthansa, Colgate, Nestle, Gillette, Unilever, Rothmans and Martini and Rossi.

McCann's really began to take off in London in 1970, when billings were £10.1m. Today it handles an extraordinarily wide range of clients and brands. The ten biggest are Rothmans and Tesco (each thought to be worth not far short of £7m), Van den Berghs and Jurgens, the *Milk Marketing Board*, Martini, Nestle, Esso, Bass Charrington, the Eggs Authority and Beecham Proprietaries.

Although McCann has steadily increased the number of clients for whom it works, a major part (almost 70 per cent) of its growth over the past three years has come via the addition of new business from existing clients. McCann's business is very well balanced. More than half its London billings *come from domestic UK* clients. But around 10 per cent of business is accounted for by European multi-nationals and more than a third by U.S.-based multi-nationals such as Coke, General Motors and Esso.

Unlike some agencies, it is by no means dependent on the generosity of a few big clients. The main McCann agency at present has 26 clients billing in excess of £1m. But it also has eight billing in the £150,000 *to £250,000 range, such as* Noilly Prat and Victoria Wine, and a further 15 spending less than £150,000, including Anglia Television, Arsenal F.C. and the National Playing Fields Associa*tion*.

If its rivals in Adland envy McCann's ability to win new clients, they are almost sick with covetousness at its ability to hang on to them. Beecham Proprietaries, for example, *appointed McCann* in 1964, giving it a start-up sum, for Bodymist, of less than £100,000. Today Beecham is spending £1.75m on five brands via McCann. Rothmans joined the fold in 1970, billing £680,000. The agency now handles seven Rothmans brands, plus five in development. Nabisco signed up in 1958, giving McCann £200,000 for Shredded Wheat. Today's score: eight Nabisco brands and £1.7m in billings. Martini and Rossi? They arrived in 1970, billing £600,000. This year's figure is approximately £3.6m, plus assignments in 30 other countries.

This sort of business performance leaves a sour taste in the mouths of some of McCann's *rivals. According* to the *head* of one such agency, speaking this week: "Around town, their work is thought not to be brilliant—above average, admittedly, but only mildly creative. What they're known within the *business for is their acumen*. They're sharp. They're practical and they're expedient. They use their satellite agencies to vast effect, shuffling business between them with great *applomb. We admire McCann's* more as a superb business machine than as a producer of great advertising."

Ian MacLaurin, managing director of Tesco, is in no two minds about what he thinks. "We were particularly fortunate in choosing them because they are very much like us in management terms. The first person we met was their chairman, Nigel Grandfield. He made a great impression, but so did the rest of his team. They've got a very big think tank at McCann's. They're totally professional, totally dedicated, with a vast capacity for hard work. They quickly climbed right inside our business.

"They're not the ivory tower *sort of agency that comes up* with lofty ideas that are bloody useless. Like us, they're highly practical."

Ashley Ashwood

The professionals: McCann-Erickson chairman Nigel Grandfield (left) and vice-chairman Barry Day. According to their credo: "We don't say we know all about advertising. There is no one way to handle a client's business. When a client arrives we cluster him with a team specially selected to respond to him and his market. We go to enormous lengths to keep on top of his market situation and to adapt our work to his requirements. We get our casting right and do our homework."

Martini (now a £78m brand) makes identical noises. So does Beecham Proprietaries and Lloyds Bank and all the other McCann clients I spoke to—all of them, Mr. Grandfield will be delighted to know, enthusing about precisely the qualities that he and his vice-chairman, Barry Day, say *they* look for in the handling of clients' business.

According to the Grandfield/Day approach: "We don't say we know all about advertising. *There is* no one way to handle a client's business. When a client arrives we cluster him with a team specially selected to respond to him and his market. We go to enormous lengths to understand him and his problems. Then we go to enormous lengths to keep on top of his market situation and adapt our work to his requirements. We get our casting right and do our homework."

They make it sound easy. Easy it's not. What Messrs Grandfield *and* Day are renowned for (Barry Day is also group executive creative director) is an ability to delegate, which is why the management team they have assembled is the highest-priced line-up of its kind in Europe. (Both Grandfield and Day are on the McCann network's international executive committee—this week they were in Tokyo.)

"I may be the quarterback who throws the ball," says Nigel Grandfield, "but it's the rest of the team who run, catch and score. There's absolutely no type of business this group can't handle."

Has the time come for a pause, consolidation? "I wouldn't say that. Over the last three years we've been *extremely selective about* growth, turning down as much new business as we've taken on. We're ready. We can go into a major presentation on any subject, any market, within 48 hours."

Where next? Mr. Grandfield declines to look too closely into the muddy glass ball of next year, though he puts group billings, via natural growth, at a minimum of at least £90m. It is a measure of the man that when I asked him whether he planned to lay off new business acquisitions for the remaining hours of 1978 and give rival agencies a chance, he actually winced in instinctive rememberance of two accounts McCann's failed to grab this year: "*British Rail Sealink and New* Zealand meat. By all that's right they should have been our's."

Time for a return to wit

BY MICHAEL THOMPSON-NOEL

IF McCANN-ERICKSON is the advertising agency of the year (see story left) then Roy Hattersley, the Secretary of State for Prices and Consumer Protection, is *at least arguably* the marketing community's Man of the Year—Man of the Year in the decidedly technical, totally unseasonal, sense that he, more than anyone, has been responsible this year for provoking the advertising and mar*keting businesses into profitable* contemplation of precisely what it is they are doing and exactly what they stand for.

Mr. Hattersley, of course, has achieved this effect by harping on what he sees as the unacceptable face of marketing: its occasional ability, as he sees it, to exploit unwanted wants among the poor and the vulnerable and to prop up products and markets (to date blissfully unspecified) via the unadulterated use of advertising muscle.

Yesterday, Mr. Hattersley was due to meet the high-ups of the Advertising Association for a face-to-face exploration of some of the issues dividing them. Unfortunately, the Prices Minister was ill, so the meeting has been postponed until January.

This side of Christmas, the best way to fathom the indignation he has stirred within marketing circles is to read the account, in Admap, of a speech made this autumn by Jeremy Bullmore, *chairman of the JWT* agency.

Mr. Bullmore is known to choose his words carefully. Discussing the current vocabulary with which marketing is discussed, he said:

"Persuasion, open persuasion, competitive persuasion, truthful persuasion, seems to me a wholly admirable and healthy activity to be eugaged in. The simple principles that apply to the making of advertising should also, I believe, apply to discussions and debate *about* advertising.

"*In the making of advertising* we are indulging in self-proclaimed competitive advocacy. We try (though not always successfully, I fear) to do it without boring people: to do it relevantly and engagingly and

Prices Minister Roy Hattersley

where appropriate with wit and style.

"Marketing, freedom of choice, jobs, the creation of wealth are all important—all serious. But is it really necessary for serious and important subjects always to be debated and discussed in such a constipatedly, polysyllabically, anaesthetically boring way? May not a little wit, a little perspective, a little *gaiety* return to discussions of our agreeable, necessary, not vastly important, almost wholly-innocuous, business?"

Mr. Bullmore always hits the bull's eye.

IPC spends £2.5m

BY PAMELA JUDGE

IPC MAGAZINES is spending £2.5m on spring promotions—the biggest budget yet. The project includes four new launches. The four major IPC women's weeklies will take £1.2m of the spend. Their circulations have held up well despite union trouble in the autumn.

● **BATES** has won the £2.5m Thomas Cook account.

● **THE FILM JAWS 2** has a £350,000 budget behind it. Agency: Lonsdale Osborne.

● **BEGINNING ON** December 25. *Cussons' Imperial Leather* soap is getting a £250,000 national TV campaign for five weeks.

● **AN "IMPROVED FORMULATION"** and redesigned packaging go with the relaunch of Spillers Foods Kennomeat dog food starting on January 8. The canned dog food market is currently estimated to be worth £145m at retail prices.

● **JOHNSON WAX** is spending £108,600 on a four-week TV campaign for Shout stain remover, starting the first week of January.

● **LYONS BAKERY** is to launch Chocolate Caprice cake slices nationally in the New Year.

● **JOANNA DICKERSON** joins *McCormick Richards as* art director.

● **TV ADVERTISING** revenue in November was £39.7m.

Teleordering shake-up for books

BY PHILIP KLEINMAN

BOOKS, LIKE many other products, hit their seasonal peak at Christmas. But booksellers, more than most other retailers, have difficulty in supplying their customers with exactly what they want when they want it. The problem is the notorious length of time it takes for shops to obtain the books they have ordered or re-ordered from the publishers.

Something, the trade has been saying for a long time, must be done, and now something is going to be done. A scheme has just been agreed upon under which, starting next month, computerised teleordering is to be introduced. Eventually it is hoped all publishers and booksellers in the country will be linked together through an electronic network which will not only speed deliveries but relieve retailers of much of their present clerical drudgery.

The system, which has obvious lessons for other trades, including gramophone records, is to be operated by a company called Software Sciences Teleordering. SST is 60 per cent owned by the data processing firm Software Sciences, which this month became a subsidiary of British Oxygen. The rest of the equity is equally divided between W. H. Smith and Whitakers, which publishes the trade weekly *The Bookseller* as well as the reference guide *British Books in Print*, which provides the data base for the system.

Negotiations have been in progress since last spring between SST, on one side, and the Booksellers Association and Publishers Association on the other. There was a good deal of haggling over the fees to be charged to subscribers and the constraints on any future increase in those fees. Finally, however, the differences have been ironed out, and field trials are now set to start early in January. In February the system is to go live and start bringing in subscribers at a rate of five a week.

It will work like this. Each subscribing bookseler will have a terminal made, to SST's specifications, by Texas Instruments. (Terminals vary in capacity, the cheapest costing around £2,000.) Orders will be keyed in, using the International Standard Book Number (ISBN) of each title wanted. Alternatively, since the system is alpha-numeric, the book can be ordered by title, author and publisher.

Orders will be stored in the *terminal's memory and trans*mitted at night, and at the cheap rate, to a computer switching centre which will forward them to the terminals of subscribing publishers. In the case of larger publishers, with computerised warehouses, there will be automatic input of orders into their own computers.

Orders for small publishers who do not subscribe to the system will be forwarded to them by post. Therein lies a possible weakness, since some publishers will be tempted to save money and remain non-subscribers even at the cost of slower delivery times.

A further advantage of the system is that, at a later stage, booksellers' terminals can be adapted to perform cash register, stock record and sales analysis functions. As SST says, that will enable the bookseller to concentrate on selling more books.

LOMBARD

Sharing the luck of the Irish

BY ANTHONY HARRIS

IF THE goodwill of one group of Irishmen could counteract the malignity of another, no more bombs would explode in London this holiday. Irish brokers and investors as just as delighted as might be imagined by the fact that no British exchange controls are going to be imposed against the Irish market. London money has been the prop of the Dublin market in the last year or two, especially of the market in Irish gilts—some £400m of it or more in the last year, according to Dublin market estimates—and it would have been very sorely missed. Thanks to the Governor and the Chancellor, the Irish investment community is going to have a happy Christmas after all.

Obligations

Not long ago, when it still seemed that the Republic was going to stay out of the EMS, along with ourselves, I drew attention to the importance of this flow of British money to the Irish economy; and you might think that now that Ireland is going to get soft German loans as well as unregulated British ones, they have organised the best of all possible worlds for themselves. It does not seem likely to work at all like that. Membership of the EMS carries some serious obligations; and one of them is not running a borrowing requirement of some 13 per cent of national income.

What this means is that although Dublin will have access to more finance than ever, they will have to behave as if they hadn't. On the face of it, then, the fact that the Irish authorities will be borrowing less, and will be borrowing more of that smaller sum from Germany and various EEC funds, will offer relief mainly to the unacknowledged paymaster—the London market.

The exchange markets are another question. Up to January 2, the British and the Irish balance of payments are one and the same thing so far as the markets are concerned; a deficit on either side of the Irish seas weakens sterling. After January 2, the punt will be an independent unit, supported not by the demand for sterling in London, but by intervention in the EMS. The Irish economy may be small by comparison with the British, but its deficit, during the cheery growth experiment which has been going on in recent years, has been worthy of a bigger country. It was over £200m last year (the equivalent of say £3bn for the UK).

You might think that with tighter domestic credit and slower growth, both expected for 1979, and all the surer since Ireland has joined the EMS, the balance of payments would improve; but this is not likely. This is because of another British policy, or British-supported policy, which is rather less popular over there; an expected near-freeze on EEC prices.

The result is that the subsidies Irish farmers get for selling into the British market will fall; and a further devaluation of the green pound (the British CAP pound, not the Irish punt) will reduce it further. As a result Dublin forecasters expect the current balance to worsen to some £330m next year. This, by the way, will not show in the published trade figures, British investors should be warned: Irish farm exports are recorded at UK prices, and the subsidy from the EEC appears among the invisibles. The result is that the trade balance may well appear to be improving even when the balance of payments is getting worse, which is suitably Irish.

You may think that any sum of money of less than 10 figures is of little significance in today's markets, but I would beg to differ. If the British PSBR was £7½bn this year instead of £8bn, everyone would breathe more easily; but so far as the flow of funds is concerned, the removal of Irish borrowing to the tune of £400m has very much the same effect. A balance of payments deficit of £330m is not difficult to finance in the late 1970s, but is not an insignificant figure; the fact that the Irish deficit is now going to be financed by others is the equivalent of wiping out two bad months in the 1979 trade figures and substituting good ones.

It will be noticed. It is of course because this financing will be more of a problem for Ireland inside the EMS than it was as an uncontrolled borrower in London that the Irish are imposing exchange controls tight enough to satisfy the Bank of England that there is not likely to be any such thing as a Dublin Gap, and therefore to refrain from imposing more controls at our end.

The great West German lockout battle

BUSINESS AND THE COURTS

BY A. H. HERMANN, Legal Correspondent

SOLIDARITY is a word generally taken to mean something intrinsically good. That explains why Mr. Justice Lawson was immediately accused of hostility to trade unionists helping each other when, last week, he rejected the argument that a show of solidarity was necessarily an allowed "furtherance" of an industrial dispute. He prohibited the blacking of Press Association copy by the National Union of Journalists. The question whether the blacking of copy produced by Press Association (whose journalists were ordered by the NUJ to strike in support of the provincial journalists' pay claim) is or is not within the law is now before the Appeal Court In the meantime one should perhaps consider how the perception of solidarity changes according to the purpose it serves.

For the best part of this year West German trade unionists have been fighting the solidarity of West German employers who have answered selective strikes with lockouts. The trade unions caused their members to bring no fewer than 35,000 actions in German labour courts, demanding compensation for the wages lost during lockouts. They insist that lockouts are not a lawful means of wage bargaining, pointing out that such industrial action by employers is prohibited by law in France and Italy, and in practice do not occur in Austria, Switzerland and Norway.

For the past 50 years lockouts have also been practically unknown on the British scene. The suspension of the publication of The Times could be termed a lockout but was not motivated by solidarity with other enterprises exposed to strikes. Its legal aspects do not fall within the German definition of a lockout.

German lockouts do not involve giving notice terminating employment—the method adopted by The Times—but merely a suspension of the employment contract. The locked-out employees are barred from entry into the works and receive no pay as long as the dispute lasts. As soon as disputes in the printing and metalworking industries were settled by the conclusion of new collective agreements, the doors were re-opened and employees resumed their respective jobs.

The first to use this type of industrial action in post-war Germany was Herr Hans Martin Schleyer—last year murdered by the Baader-Meinhof terrorists—who in 1963, when he was chairman of the Metal Working Federation of Baden-Wurttenberg, answered a selective strike by a lockout. At that time 55,000 workers went on strike and 360,000 were locked out. The same tactics were used 15 years later when early in 1978 the printers' and compositors' unions started a series of strikes for higher wages and against the consequences of technological change. To minimise the amount of strike money which they had to pay to their members, the trade union decided to strike in a few printing works only. It could expect, in view of the national system of industrial bargaining, that pressure exercised on weaker firms unable to survive a long stoppage, would break the resistance of the entire national federation of employers.

The employers concluded that their only chance was to make the strike more costly for the trade unions by increasing the number entitled to such pay. While 5,500 printers were on strike the employers locked out a further 70,000, of whom 33,000 were trade unionists with a claim for support from trade union funds, accelerating dramatically the pace at which strike funds were being depleted. The printers' union, which had already spent DM 30m on strikes in 1976, had to ask the Trade Union Federation for a further DM 15m—about nine times the amount it normally accumulates each year from contributions of members.

Similar events occurred almost simultaneously in the metal working industry of Baden-Wuertemberg. In addition to a few large companies like Daimler-Benz and Bosch, the industry consists of some 500 small enterprises, each with less than 100 employees. The union called out on strike some 80,000 workers in companies or departments selected to ensure that the strike would have a crippling effect on engineering production throughout Germany. The employers answered by lockout in all enterprises employing more than 1,000 people. That added 120,000 to the 80,000 people already supported from strike funds and increased the union expenditure from DM 48m to DM 128m. Though the disputes in the printing and metal-working industries have been settled, some 80,000 steel workers are affected by strikes and subsequent lockouts in Germany at present.

Not all of the 35,000 cases will be pursued—most will be settled as soon as the test cases are decided.

The view—taken in a majority of the cases so far decided—that a defence lockout suspending, but not terminating, employment is allowed by German law has been endorsed by the Stuttgart Appeal Court. Its decision made it quite clear that employers may retaliate by such lockouts against strike action directed against other members of the same federation of employers.

The Stuttgart Appeal Court as well as the lower courts which decided in favour of the employers followed the 1955 and 1971 rulings of the Federal Labour Court, which tops the pyramid of German labour courts. In 1955 this court interpreted the German fundamental law in a way allowing both strikes and lockouts. The court said that in a system which is based on the freedom of industrial bargaining, employers as well as employees must be prepared for the possibility of an industrial stoppage including strikes and lockouts. But in its next major decision the Federal Labour Court, in 1971, considerably restricted the freedom of the employers to lock out employees. According to that decision lockouts terminating employment were to be allowed only as a defence against unlawful strikes. In all other situations employees had to be reinstated automatically after termination of the dispute. The court added that lockouts were allowed only as a last resort.

These rulings were arrived at by an interpretation of the constitutional guarantee of the freedom of association. Neither strikes nor lockouts are expressly mentioned in the Federal Fundamental Law of West Germany or in the constitutions of the individual Laender, with the exception of Hesse. The constitution of Hesse, adopted earlier than the Fundamental Law of the Federal Republic, prohibits lockouts explicitly, but the question whether this provision is valid or has been superseded by the Federal Fundamental Law and the decisions of the Federal Labour Court continues to be hotly debated.

The affected trade unions will appeal to the Federal Labour Court in an attempt to obtain a favourable modification of its decision of 1971. If they do not obtain a prohibition of lockouts in Kassel they will ask for it in Karlsruhe from the Constitutional Court.

Lotus returns to racing green with Martini sponsorship

MOTOR RACING

BY JOHN GRIFFITHS

LOTUS, 1978 Grand Prix motor racing champion, will return to the world's circuits next year in the British racing green livery it has not worn for more than a decade, under a two-year sponsorship with Martini Rossi announced in London yesterday.

The agreement, reached after less than a month of negotiations, provides the answer to one of the most talked-about questions in motor racing: what would happen to Lotus after the John Player tobacco organisation's decision in October to withdraw from its 10-year-old association with Colin Chapman's racing team?

John Player had suggested during the late summer that it would have to cut its estimated annual expenditure of £1m-£1.5m on sports sponsorship because of the fierce cut-price war which has emerged among cigarette manufacturers. Its ties with the Lotus organisation were widely estimated to have accounted for half that budget.

Martini Rossi the international drinks organisation which has long been associated with motor sport, thus picks up sponsorship of the world's most successful Grand Prix racing team over the last two years.

Mario Andretti, the team's leading driver, won the World Championship with ease this year in the distinctive "ground effect" Lotus cars. The innovative aerodynamic design sucked the car onto the circuit, and rivals such as Ferrari and Brabham could find no answer to it.

Andretti's team-mate, Swede Ronnie Peterson, appeared certain to be runner-up in the championship until his death from injuries received in a crash during the Italian Grand Prix. Carlos Reutemann, the Argentinian, formerly contracted to Ferrari, took Peterson's place, and Andretti and Reutemann will again spearhead Lotus's attack on the 1979 World Championship.

Martini Rossi have a long-standing association with Porsche, at Le Mans and in other sports car racing events. But the company has been absent from the Grand Prix scene this year after ending its sponsorship of the Brabham marque in 1977.

Martini's racing involvement is directly controlled by Count Gregorio Rossi, who also heads Martini Racing.

The amount of money the company is spending on Lotus is not known. But the sponsorship cost John Player an estimated £700,000 a year, so the figure is clearly substantial.

TV/Radio

BBC 1 and BBC 2 television programmes may not be screened owing to industrial action.

BBC 1

9.45 am Paddington. 9.50 Jackanory. 10.05 Why Don't You . . . ? 10.30 Jackanory Playhouse. †11.00 Buck Rogers. 11.20 The Fantastic Journey. 12.30 am Cartoon Time. 12.45 News, Weather. 1.00 Pebble Mill. 1.45 Bagpuss. 2.00 "Poco." Film. 3.20 Tom and Jerry. 3.25 Glas Y Dorlan. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Jackanory Writing Competition. 4.30 Rentasanta. 5.10 Blue Peter.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
7.00 Tomorrow's World.
7.25 Top of the Pops.
8.30 Mastermind.
9.00 News.
9.25 Perry Como's Christmas in Austria
10.15 She Must Be Joking!
11.05 Tonight
11.45 Weatherman / Regional News.

All Regional programmes as BBC-1 except at the following times:—

BBC Wales — 5.55-6.20 pm Wales Today. 7.00-7.25 Heddiw. 11.45 News and weather for Wales.

Scotland—5.55-6.20 pm Reporting Scotland. 11.05 Thursday Night. 11.45 News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.05 The Fall and Rise of Reginald Perrin. 11.35 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

11.00 am Play School.
5.35 pm News.
†5.40 Laurel and Hardy Showcase.
6.00 Tammy Wynette.
6.25 Beneath the Pennines.
6.55 When the Boat Comes In.
7.45 News.
7.50 Newsweek.
8.30 "Treasure of the Sierra Madre," starring Humphrey Bogart.
10.35 Accident.
11.25 News.
11.35 No Trouble.

LONDON

9.30 am Australian Snakes. 9.50 Dynomutt. 10.15 Westside Medical. 11.05 Journey to the Centre of the Earth. 12.00 Toppers Tales. 12.10 pm Rainbow. 12.30 Toycraft. 1.00 News, plus FT index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon. 2.25 Fallen Hero. 3.20 Looks Familiar. 3.50 The Sullivans. 4.20 Rogues of Sherwood Forest.

5.45 News.
6.00 Thames at 6.
6.35 Crossroads.
7.00 The Bionic Woman.
8.00 George and Mildred.
8.30 TV Eye.
9.00 The Sweeney.
10.00 News.
10.30 Thames Report.
11.00 Rafferty.
12.00 What the Papers Say.
12.15 am Christmas Pie.

All IBA Regions as London except at the following times:—

ANGLIA

9.30 am The Evergreen. 10.00 Take a Bow. 10.25 You Can Make It. 10.50 Christmas Sweet. 11.15 Lord Tramp. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.25 pm Anglia News. 2.00 Women Only. 4.20 Spiderman. 4.45 The Beachcombers. 5.15 Emmerdale Farm. 6.00 About Anglia. 6.20 Arena. 7.00 Bygones. 7.30 Botanic Man. 10.30 Police Surgeon. 11.00 A Christmas Carol. 12.00 The Christmas Story.

ATV

9.35 am The Tiny Tree. 10.00 Angling Today. 10.25 Darts. 10.55 Lord Tramp. 11.20 Flintstone Christmas. 1.20 pm ATV Newsdesk. 3.55 Captain Nemo. 7.00 Emmerdale Farm. 7.30 Botanic Man. 10.30 Format V. 11.00 "Ghost Story," starring Anthony Bate and Marianne Faithfull.

BORDER

9.30 am Evergreen. 10.00 Take a Bow. 10.25 You Can Make It. 10.50 Christmas Sweet. 11.15 Lord Tramp. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. †1.20 pm Border News. 4.20 Little House on the Prairie. 5.15 Laverne and Shirley. 6.00 Lookaround Thursday. 7.00 Emmerdale Farm. 7.30 Botanic Man. 10.30 Sergio Mendes and Brazil '77. 11.30 Police Surgeon. 12.00 Border News and Weather.

CHANNEL

1.18 pm Channel News. 4.20 The Little House on the Prairie. 5.15 Dynomutt. 6.00 Channel News and Weather. 6.10 Link Up. 10.28 Channel News. 10.32 In Search of. . . . 11.00 McCloud. 12.40 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 9.30 The Evergreen. 10.00 Take a Bow. 10.25 You Can Make It. 10.50 Christmas Sweet. 11.15 Lord Tramp. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.20 pm Grampian Headlines. 4.20 The Little House on the Prairie. 5.15 The Bob Newhart Show. 6.00 Grampian Today. 7.00 Emergency. 10.30 Police Newsroom. 10.35 Sportscall. 11.15 Reflections. 11.20 Grampian Headlines. 11.25 The Practice.

GRANADA

9.30 am Thursday Matinee. 10.55 Cartoon Time. 11.05 History Around You. 11.20 Nobody's House. 11.45 A Handful of Songs. 1.20 pm This Is Your Right. 4.20 The Life and Times of Grizzly Adams. 5.10 What's New. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 10.30 What's On. 11.00 What the Papers Say. 11.20 Colorado C-One.

HTV

9.35 am Beachcombers. 10.00 Take a Bow. 10.25 You Can Make It. 10.50 The Rolf Harris Show. 11.15 Lord Tramp. 11.40 Oscar. 11.55 Sweet Sugar Doughnuts. 1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 4.20 Little House on the Prairie. 5.15 Jobline Newsdesk. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Christmas Sweet. 7.00 Six Million Dollar Man. 10.35 Gallery. 11.05 The Thursday Film: "Tell Me Where it Hurts."

HTV Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion Y Dydd. 4.20 Seren Wib. 4.45 Raven. 5.15-5.20 Jobline—Wales. 6.00-6.15 Y Dydd. 6.30-7.00 Sports Arena. 10.35 Image '78. 11.05 Breaking Point. 12.05 am Mind Your Language.

HTV West—As HTV General Service except: 1.20-1.30 Report West Headlines. 6.15-6.30 Sport West.

SCOTTISH

9.35 am The Evergreen. 10.00 Take a Bow. 10.25 You Can Make It. 10.50 Christmas Sweet. 11.15 Lord Tramp. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.25 pm News and Road and Weather. 2.00 Women Only. 4.20 Little House on the Prairie. 5.15 Christmas Call. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Garnock Way. 7.00 The Botanic Man. 7.30 Sale of the Century. 10.30 From the Top. 11.00 Feature Film: "Don't Be Afraid of the Dark."

SOUTHERN

9.30 am The Evergreen. 10.00 Take a Bow. 10.25 You Can Make It. 10.50 Christmas Sweet. 11.15 Lord Tramp. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.20 pm Southern News and Weather. 2.00 Women Only. 4.20 Lassie. 4.45 Beachcombers. 5.15 Captain Nemo. 5.20 Crossroads. 6.00 Day by Day. 6.30 University Challenge. 7.00 Emmerdale Farm. 7.30 Botanic Man. 10.30 Southern News Extra. 10.35 People Rule! 11.05 Barnaby Jones. 12.05 am What the Papers Say.

TYNE TEES

9.25 am The Good Word. 9.30 The Evergreen. 10.00 Take a Bow. 10.25 Valley of the Dinosaurs. 10.50 Christmas Sweet. 11.15 Lord Tramp. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.20 pm North East News. 2.00 Women Only. 4.20 Thursday Matinee: "The Smallest Show on Earth." 6.00 Northern Life. 7.00 Emmerdale Farm. 7.30 The Botanic Man. 10.30 Northern Scene. 11.00 Richie Brockleman. 12.00 The Bob Newhart Show. 12.25 am Epilogue.

ULSTER

9.30 am The Evergreen. 10.00 Take a Bow. 10.25 You Can Make It. 10.50 Christmas Sweet. 11.15 Lord Tramp. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.20 pm Lunchtime. 3.50 The Sullivans. 4.18 Ulster News Headlines. 4.20 The Beachcombers. 4.45 Friends of Man. 5.15 Cartoon. 5.20 Crossroads. 6.00 Reports. 6.25 Police Six. 6.35 Happy Days. 7.00 Emmerdale Farm. 7.30 Botanic Man. 10.30 Counterpoint. 11.00 The Practice. 11.25 Bedtime.

WESTWARD

9.20 am In Praise of Christmas. 9.30 The Evergreen. 10.00 Take a Bow. 10.25 You Can Make It. 10.50 Christmas Sweet. 11.15 Lord Tramp. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward Headlines. 4.20 The Little House on the Prairie. 5.15 Dynomutt. 6.00 Westward Diary. 10.28 Westward News. 10.30 Preview West. 11.00 McCloud. 12.40 am In Praise of Christmas.

YORKSHIRE

9.30 am Friends of Man. 10.00 The Mad Dog Gang. 11.10 Record Makers. 1.20 pm Calendar News. 3.50 The Sullivans. 4.20 Jabberjaw. 4.45 Little House on the Prairie. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 7.30 Botanic Man. 10.30 The Love Boat. 11.30 Carol Concert.

BBC Radio New Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92-95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf

Capital Radio: 1548kHz, 194m & 95.8vhf

London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic Broadcast

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett including 12.30 pm Newsbeat. 2.00 pm Tony Blackburn. 4.31 Kid Jensen including 5.30 Newsbeat. 6.00 The New Album Chart. 7.30-10.00 As Radio 2. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2. 10.00 pm With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am News Summary. 5.03 David Allan (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin. 8.45 Pause for Thought. 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Harry Rowell's Open House (S) including 1.45 Sports Desk with racing results. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk with racing results. 7.02 Country Club (S). 9.02 Folkweave (S). 9.55 Sports Desk. 10.02 Roy Castle. 10.30 Star Sound Extra. 11.02 Brian Matthew introduces Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

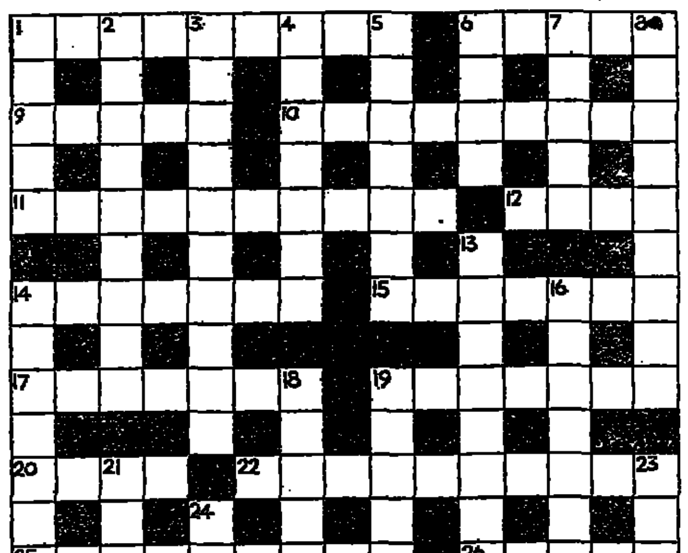
RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Tchaikovsky (S). 10.00 Holiday Special (S). 10.20 Scuola Di Chiese (S). 11.10 Chopin cello and piano recital (S). 12.05 pm Cheltenham Festival 1978: Rosami, Maw (S). 1.00 News. 1.05 Cheltenham Festival 1978, part 2: Schubert (S). 1.56 The Poet's Echo. 2.05 The Magic Flute (S). 3.20 Talk. 3.30 The Magic Flute, Act 2. 5.00 Scottish Baroque Ensemble: Arnold Goehr (S). 5.45 Homeward Bound (S). 6.30 News. 6.35 At Home—Guido Cantelli conducts Tchaikovsky's Sixth Symphony. 7.30 Drama Now: "Tell it the Way it is." 8.25 Rozhdestvensky and the BBC SO (S). 9.15 John Mackintosh 1929-1978. 9.35 The Arts Worldwide. 10.35 The Trio-Sonata (S). 11.40-11.55 Tonight's Schubert Songs (S). 11.45 News.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00 and 8.00 Today's News. 7.30 and 8.30 News Headlines. 7.45 Thought for the Day. 8.45 Serial Reading. 9.00 News. 9.05 Mid-Week with Desmond Wilcox. 10.00 News. 10.05 The Christmas Robin. 10.30 Daily Service. 10.45 Morning Story. 11.00 Analysis. 11.45 Listen with Mother. 12.00 News. 12.02 pm You and Yours. 12.27 The 27-Year Itch (S). 12.55 Weather. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.05 The Remittance Man. 3.35 Afternoon Theatre: "The Browning Version." 4.35 Story Time: "The Thirty-nine Steps." 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather: programme news. 6.00 News. 6.30 Top of the Form. 7.00 News. 7.05 The Archers. 7.20 Time for Verse. 7.30 Christmas Carol Concert (S). 8.20 The Importance of Being Irish. 8.40 Christmas Carol Concert, part 2 (S). 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight: News including 10.25 Market Trends. 10.30 Any Answers? 11.00 A Book at Bedtime. 11.15 The Meaning of Christmas. 11.30 The Unforgettables. 12.00 News. 12.15 am Shipping forecast.

F.T. CROSSWORD PUZZLE No. 3,854

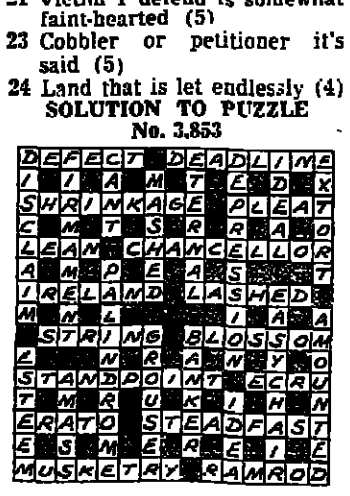


1 Make one's mark and get it over (3, 6)
6 Scour the undergrowth (5)
9 Warning a learner member (5)
10 Space required for joint accommodation? (5-4)
11 Oil container behind kitchen boiler could be beaten (10)
12 Vessel for heating, with volcanic associations (4)
14 Strictly sly to accept sea-bird (7)
15 Tied up in fidelity it's said (7)
17 Abandoned and not working (7)
19 Instrument confusing orphan about learner (7)
20 The place for buns and chairs (4)
22 Account of school organisation giving chance of success to you and me (10)
25 Letting in and receiving confession (9)
26 Choose one set apart (5)
27 American city to avoid (5)
28 Under-employed person could make him falter (4-5)

DOWN

1 Timber that's soft and thin (5)
2 Female betrayer putting characteristic soldiers on ship (9)
3 Arrives holding marriage certificate in elegant style (10)
4 Free time when anyone may go to school (4, 3)
5 Take away bus turning up on tube (7)
6 Had sight of pole being cut up (4)
7 Perch made of mangled roots (5)
8 Attack with questions on brass instrument (9)
13 Periodical addition lithe people start taking (10)
14 Agree with directors to make a piece of furniture (9)
16 Brief definition of a temporary measure (5-4)
18 Putting one vessel in another could be gloomy (7)
19 Set up lanes to soldiers—the Gunners! (7)
21 Victim I defend is somewhat faint-hearted (5)
23 Cobbler or petitioner it's said (5)
24 Land that is let endlessly (4)

SOLUTION TO PUZZLE No. 3,853



ENTERTAINMENT GUIDE

هكذامن الأجيال

Record Review

The Turn of the Scrooge

by ANTHONY CURTIS

Roy Dotrice: Four Dickins Albums — David Copperfield. Argo. ZDSW 707/8. £7.90. Doctor Marigold. ZDSW 713. £3.95. Bardell and Pickwick with Bob Sawyer's Party and The Signalman. ZDSW 709/10. £7.90. Sikes and Nancy with The Bastille Prisoner. ZDSW 711/12. £7.90.
Richard Burton: A Personal Anthology. Argo ZDSW. 714. £3.95.

If Dickens didn't invent Christmas entirely off his own bat he certainly ensured it would have a very long innings by the Christmas stories he used to write to appear at the festive season. The first of them was *A Christmas Carol*, and when in 1853 he began to give public readings for charity at Christmas-time he always included the *Carol* in the programme. In 1858 he started to give readings for his own profit, also to satisfy his growing hunger for the histrionic; again in compiling the programme he drew heavily on his *Christmas Books*. Last year Argo released a two-LP set of Roy Dotrice reading *A Christmas Carol* (ZSW 584/5) the success of which has encouraged them to give us more of the same.

These records are not only delightful things to possess for the brilliant virtuosity of Dotrice's performance. They also have an historical interest being closely "based on the Public Readings." Dickens prepared his texts with great care and skill. It was not just a matter of taking a chunk from a book and reading it aloud. He deleted, he transposed sections from previous chapters, he edited, he re-wrote, and thus achieved miracles of compression. In the reading from *David Copperfield*, for instance, he went from David's childhood memories of the Peggoty family, to the abduction of little Emily by Steerforth, to David's own marriage to Dora, to the storm at Yarmouth and the death of Steerforth. It is all spoken with appropriate voices for each character on two LPs by Dotrice who is what the Victorians called a great soloist.

Sometimes the reading texts differ in minor ways from those of the published novels. In the murder of Nancy by Bill Sikes which was a great favourite with Dickens's public on both sides of the Atlantic, and which Dotrice reads, I guess, as terrifyingly as Dickens, the novelist ended the episode with the pursuit of Sikes by the police and his capture, all compressed into a few minutes of reading-time. Sikes, to whom Dotrice gives a lethally moronic growl, seeks a refuge in the dwelling of a fellow-thief who tells him: "You may stop if you think it safe. But what man ever escaped the men who are after you!" This resonant

Richard Burton

remark does not appear in *Oliver Twist*.

Dickens's prompt-copies for his readings are fascinating documents containing a mass of revelatory underlinings and directions to himself as a performer. They are happily preserved in places like the Berg Collection in the New York Public Library; even more happily from the point of view of the general reader they were all collated and re-printed by Professor Philip Collins, with an introductory history of Dickens's performances, in a superb one-volume edition, *Charles Dickens: The Public Readings* (Oxford, 1975). It is this edition which has been used by Evdoros Demetriou and Harley Usill as the basis for the Dotrice LPs. Thus, in addition to such popular favourites as *Bardell and Pickwick*, the records include some of the lesser known Christmas stories which were a part Dickens's repertory. One of these, was *Dr. Marigold*, the tear-jerking story of a travelling Cockney cheapjack with a deaf and dumb child. Dotrice has to sustain a single character-voice throughout this single LP.

Another Christmas story, coupled here with *Bob Sawyer's Party* on the flip-side of *Pickwick*, is *The Signalman*, a creepy tale from the early railway era, with a nice contrast between an educated observer and a working-man protagonist. By all accounts Dickens put great passion into these readings and moved his audience to heights of emotion: Dotrice's cool, crystalline, deeply characterised approach is ideally suited to our more sceptical age.

Richard Burton is another fine reader with great depth of utterance and an intelligent grasp of whatever it is he is reading. He has a love of English poetry cultivated at Oxford by his tutor, Nevill Coghill, and on his latest poetry LP, *Richard Burton: A Personal Anthology*, the choice of poems is as revealing as the subjective style in which they are read. Religious poetry dominates with love poetry second plus a tincture of dry humour from Betjeman and others.

Burton does well by Donne, both secular and divine, and I was glad to hear an extract from Bishop Henry King's "Exequy." Both Edward Thomas and R. S. Thomas are among the nature poets read, while from the Principality there is the Rev. Eli Jenkins out of Milk Wood and Robert Graves's witty "Welsh Incident."

Burton's most severe test comes, however, in two poems about the pursuit and protection of man by God, Gerard Manley Hopkins's "The Leaden Echo and the Golden Echo" and Francis Thompson's "The Hound of Heaven." Both are short on pauses, indeed their continuous, complex rhyme-patterns present the reader with a veritable verbal assault course: Burton fills his lungs to capacity and charges across them at a splendidly fluent pace.

Palais des Congres

Paquita and Chenchikova

by CLEMENT CRISP

The second programme presented by the Kirov Ballet had something of a "gems from the classics" air about it, but the gems were of fine quality, and they were shown off lovingly by the company. The taping of music for this triple bill—*Les Sylphides, Swan Lake* Act 2, and *Paquita*—combined the splendours of the Kirov musicians playing the scores as if they believed in them with the sometime miseries of tempi which could not yield to the individual requirements of the dancers. Yet the Kirov artists coped well, as they did with a permanent setting of dubiously Louis XIV columns and a white floor. From this the light bounced glaringly up and made the entire evening seem as if it were on ice: thus, no moonlit mystery in *Sylphides*, and a perfunctory air to the swan's lake. The evening, indeed, insisted upon dancing at the expense of any other theatrical consideration, but when a company dances as does the Kirov, the loss of other aids to illusion is negligible.

The programme, which I saw twice, was given over almost entirely to the women of the company. There was no evidence of a male contingent to stir us as once did Solovyov, Sokolov and their colleagues in *Taras Bulba*; Boris Blankov was a polite poet in *Sylphides*, and Konstantin Zaklinsky and Sergey Berezhnoy were dutiful porteurs in *Swan Lake* and *Paquita* (in which the man's solo was suppressed). Male honours were upheld only by Vadi Gulyayev, in a clean account of the boy's variation in the *Paquita* pas de trois.

The *Sylphides* was the Vaganova version of Fokine's Petersburg *Chopiniana*, disconcerting at times as to text, but made memorable by the assurance of the dancing, by the Kirov artists' command of the air and of the Romantic impulse of the the choreography. Olga Likhovskaya drifted gently through the Prelude, and Alla Sizova made a ravishing appearance as the ballerina of the nocturne and the mazurka. Here was an interpretation which would surely have pleased Fokine, no advocate of the mopey, downward drooping manner for this homage to Romantic flight. Sizova was divinely positive in her dances. She sprang and soared through the mazurka, joyously taking to the air, conveying a delight in the movement which brought the ballet to life. In the nocturne, her eyes—which she used to point every moment of the choreography—gazed upwards as her body moved in flight, and *Sylphides'* imagery became clear. Her identification with the spirit of the work was total.

In *Swan Lake* Galina Mezentsova presented an Odette justified by training and physique rather than by any emotional involvement. She showed us the regality of the role if not its tragedy, yet on these terms it was distinguished; elegant in means, dignified in presence. In matter of technical command there were great rewards in Mezentsova's authority; the choreography had a grand inevitability and the flow of the dance, fine-textured and even-toned, was impressive. From the attendant swans, of course, unanimity of excellence in a style both light and open in image, one which spoke with and through the music.

The crown of the evening came with the *Paquita divertissement*. This is a compendium of glittering moments from a Spanish extravaganza restaged by Petipa in Petersburg in 1847, later revised with an added Minkus *grand pas*, and honoured since then as an occasion for any amount of pyrotechnics and flaunting. It comprises entrees for quartets and duets of girls, a splendid pas de deux, coruscating solos, and it included for this season a celebrated pas de trois. All are imbued with the feeling that Spanish jinks have never been higher, and the Kirov alone know how to dance the piece. Many another company could roar into action and bluster and fudge a way through these exuberant and surprisingly authentic-looking Petipa numbers. The difference is that the Kirov restrain any vulgarity, controlling technique by aristocracy of manner. Thus, throughout a cascade of bravura steps there was not one tinselled, cheap moment. The distinction of the dancers' style, their seriousness in interpreting something light-hearted, showed the choreography as a worthy example of the 19th century ballet. The prodigious demands of the variations were appreciated as a testing ground for artistry quite as much as for technique. It was a joy to see Alla Sizova buoyant in one solo, followed by Lyubov Kunakova beguiling us in a pretty *valse lente* (surely by Drigo), and then to find Tatyana Terekhova flashing across the stage in huge jumps and topping them with multiple and impeccable pirouettes—virtuosity and elegance hand in hand.

Best of all was the appearance of Olga Chenchikova, who is destined I believe for greatness. She graduated from the Perm Ballet school four years ago, and entered the Leningrad troupe last year. She is, I suppose, in her early 20s; tall, very lovely, and quite irresistible. I have rarely seen such radiant assurance and so warming a personality in a young ballerina. The impression is of a youthful divinity who dances to please us because it is the thing she likes best in the world. In *Paquita* she creates an image of absolute happiness. Her dancing is lustrously easy: pirouettes and steps of bravura seem as natural an expression of her nature as song is to a bird. In an early pas de deux she was all happy finesse; in the final variation and coda she was a prodigy of amused assurance, almost flirting with the difficulties of the choreography, her charm quite as impressive as her technical exactness. In the coda she attempted, and slightly muffed through first night nerves, a sequence of multiple pirouettes and fouettés which defy description. And at every moment the delicious warmth of her personality and style shone through the most arduous steps. She has feet that are delicate and strong, and a grace that seems both physical and spiritual. She is a treasure.

On the following evening she appeared as Odette, revealing the same exceptional serenity of technique. She is too young and inexperienced to surmount the rather perfunctory nature of this touring production; in Zaklinsky she had a partner who is secure, but one offering little emotional support. Her performance was thus sustained by the eloquence of her dancing but not of the choreography, which at a second viewing looks less than co-operative, and in the case of two high lifts in the pas de deux, grotesquely vulgar. Chenchikova's way with the text was marked by innocence and purity of style. This Odette was resigned to her fate and told us so through her exquisite line. Temperamentally she promises to be a natural Aurora, a role to which her rich gifts will naturally suit her. Like Lyudmila Semenyaka, another Kirov artist and now with the Bolshoy company, Chenchikova seems a symbol of the continuing power of the traditional academic dance in the late 20th-century.

But this is, for me, the great virtue of the Kirov Ballet. While the company's School continues to produce dancers having such artistry, and the theatre continues to guard its heritage with such sensitivity, the academic dance is alive and well. And living in Leningrad.

Hong Kong Festival

The Prospect Theatre Company and the Chichester Festival Theatre lead the drama programme in the seventh Hong Kong Festival, running this year from February 4 to March 11. Prospect will take two of their small-scale productions, *The Grand Tour* and *The Lunatic, the Lover and the Poet*, with Derek Jacobi, Timothy West, Isla Blair and Julian Glover. Chichester has its *Julius Caesar* and a double bill of short plays by Christopher Fry, *A Phoenix too Frequent* and *A Sleep of Prisoners*.

The Rotterdam Philharmonic Orchestra, under Edo de Waart and David Zinman, will play programmes based on Mozart and Mahler, with Felicity Lott, soprano, pianist Youri Egorov, cellist Mischa Maisky, violinist Shlomo Mintz and others. Hong Kong's own Philharmonic will give three concerts, and the Jean-Francois Paillard Orchestra from Paris four.

Sweden's Cullbert Ballet will give four evenings, at one of which there will be a world premiere of a new work; and the Salzburg Marionettes will give their performance of *The Magic Flute*.

Lighter entertainment will come from the Teddy Wilson Trio and from Marian Montgomery and Richard Rodney Bennett. There will also be performances by the Chiu Chow Opera, Cantonese Opera and the Soochow Lyric Theatre.

B. A. YOUNG

John Watts and Kim Braden

Cambridge

Troubadour

by B. A. YOUNG

The hero of *Troubadour* is called Lupus, which is the name of a skin-disease. Luckily he is usually addressed as Would-Be, because he would be a troubadour at the court of Ermengarde, Viscountess of Narbon. His motives are mixed; he says he comes in God's name, but his first object is to teach the Narbonnais to hit their women instead of kneeling to them, though Ermengarde has made it a law that men must always do what their women want. While he is in training for troubadourhood, a favour he is granted against all the rules, he secures leave to join a Crusade, in which he distinguishes himself by preventing King Richard II from killing women and children.

Two sub-plots: the Count of Toulouse aims by underhand means to compel Ermengarde to marry him; and Peire-Manrique proves himself man enough (at the Crusade) to take his place as Ermengarde's heir while she retires to a nunnery.

Michael Lombardi, author and lyricist of this show, and also reported to have invested £300,000 in it, is apparently an expert on troubadours. He even includes a song in the Langue D'Oc which, as Gilbert said, I rather think was clever, for I couldn't understand it. He is apparently not such an expert in English. Here are some of his lines:

> Thrown on the dossheap
> of life,
> Abandoned by a mother,
> The only love I was given
> Was given by another.

Then there is:

> Would-Be, you must be
> celestially favoured
> To be given the chance for
> which you've laboured.

Perhaps best of all:

> I must do the one deed
> sensible
> That will make me no
> longer reprehensible.

As he has chosen to frame most of the dialogue in verse of this quality, as well as the lyrics, he can hardly hope to be celestially favoured himself. All the same, his most successful line of the evening is prose. Would-Be's wife believes that her husband has been to bed with Ermengarde. "You have betrayed me," she says. "I'm going to be a nun."

The plot, with which I will not bother you, is monumentally silly; Ray Holder's music is evanescent. There is a notable duet for Richard II and Saladin, Michael G. Jones and Andrew C. Wadsworth, who prove to have the best voices in the company. The dancing, which relies a good deal on classical ballet movements, David Drew, the choreographer, being a member of the Royal Ballet, is active and well-danced but curiously inapt: the "Onward to Jerusalem" bit looks as if it belongs in *West Side Story*. There is an extravagant set by Tim Goodchild, discreetly lit by David Hersey, that often looks fine. Some pretty costumes too; I loved the rich colours of the finale.

John Watts seemed to me unhappy as Lupus, and Kim Braden has little opportunity to show off whatever talents she may have in other circumstances. Oh, I have suffered with those that I saw suffer.

Albert Hall

LSO/Böhm

by ARTHUR JACOBS

Perhaps Karl Böhm does not like it emphasised (it was omitted from his biography in the printed programme) but the fact that he is 84 is not unimportant. The public has a legitimate curiosity in seeing such a veteran, and indeed finds something unusual to see. Böhm conducts from a chair (as did Klemperer in his late years) but frequently rises to impart some strong motion of command. It seemed on Tuesday that his abundant left-hand gestures when seated must have been too low for most of the orchestral players to follow.

His recently released recording of *Don Giovanni*, taken "live" from his Salzburg Festival performances, testified to Böhm's vigorous, decisive control from the rostrum, yielding an interpretation of strong individuality. This London concert was—for whatever reason—musically much less remarkable. Weber's *Freischütz* overture and Schubert's Fifth Symphony came over in rather tame performances. The marked slowing-down at the end of Schubert's slow movement seemed merely to drag the music, not to caress it.

The London Symphony Orchestra, who in today's resourceful nomenclature have made Eugen Jochum their "conductor laureate" but Böhm their "president," did not offer their visitor their most spruce ensemble. But there was some admirable smooth *pianissimo*, sufficient to make a good contrast to the more exhilarating parts of Beethoven's Seventh Symphony. Yet even here I could not help feeling that the players were largely drawing on their experience in order to play *with* Böhm, rather than responding to a special inspiration.

The printed credits in the programme may serve to re-heat the simmering quarrel between the Arts Council and the Association for Business Sponsorship in the Arts. The Arts Council had one line of acknowledgement, Wilkinson Match (sponsor of this concert) a whole page, with the surely unprecedented description of the firm's activities appearing over the signature of the orchestra's chairman and principal oboe, Anthony Camden. Cheerfully, it must be supposed, the sponsor paid for three trumpets where Beethoven himself required only two—and for quadruple woodwind as well.

Bernstein lectures

Leonard Bernstein's series of six lectures on music will be repeated on BBC 2 television over the Christmas period—on the afternoons of December 22, 23, 24, 29, 30 and 31.

To coincide with the series, previously shown in January and February 1976, Harvard University Press is publishing the lectures at £12.75 under the title of *The Unanswered Question—Six Talks at Harvard*.

Theatre Upstairs

Blame it on the boogie

by MICHAEL COVENEY

The Young Peoples Theatre Scheme at the Royal Court has an honourable tradition dating from the days of Pam Brighton and Joan Mills. Now, under that umbrella, the Activists, a conglomeration of amateur thespian youth in the Greater London area, have come up with a stunning discothèque fable scripted by Gilly Fraser and directed by John Dale and Les Waters.

The scene is a Dagenham ballroom from which the shades of Victor Silvester are rudely ushered by the incursion of go-go girls, a Miss Teenage Dagenham competition and the raw and irresistible conversation of disco dancers, a punk rocker band who have come to complete the evening with a live performauce (of a very good song by Rick Jones of Meal Ticket) and a pushy suburban Eric Morley figure, Lionel.

Diana Judd, Tony Westrope and Daniella Gonella

No need to dilute one's critical vocabulary when confronted with work so honest, powerful and movingly performed. The kids are naturals and the framework imposed by Miss Fraser on their language of aspirations, sexual outlook and social sensibility skilfully contrived. Dance floor boogie (the play's title is taken from a catchily repulsive Jackson Brothers hit) is frozen for close contact confrontation between a wide and fascinating variety of twosomes: the gay relationship threatened by disco decorum; the black couple split by misunderstanding and perhaps deceit; two immigrant boys (one German, one Pakistani) arguing the merits of West Ham and Spurs; the teeny bopper in pink frills with beauty queen ambitions and the confident butch girl into sex and, especially, cool drummers.

The whole thing is beautifully organised and Miss Fraser gives further evidence of a hard head and soft touch with dialogue. Perhaps it is a little forced to have an unspectacular black girl who just happens to be a nurse win the beauty competition, but it is worth it for her off-microphone speech about women and immigrants doing all the dirty work in hospitals. The East End topography is exactly suggested, and the show brings the year in Sloane Square to a glorious conclusion.

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Soviet hopes and fears

MR. LEONID BREZHNEV, the Soviet President, faced with the *fait accompli* of normalisation of relations between the U.S. and China, has put on a brave face and, in his message to President Jimmy Carter, has called the decision "a contribution to world peace." What is more, he made it clear that the decision will not be allowed to stand in the way of negotiations for a SALT 2 agreement or the effort to maintain good relations with the United States.

But Mr. Brezhnev's message does not mean that the Soviet Union is not deeply worried by what it sees as the possible emergence of a hostile tri-partite alliance of China-Japan-U.S. Having accepted with the best possible grace the Sino-American decision Mr. Brezhnev and the Soviet leadership appear to have decided that the best it can do now is to urge the United States and the West in general to use their newly established diplomatic and economic links to moderate the Chinese anti-Soviet line and particularly the military aspect of the "four modernisations."

Attention

This is likely to mean in the first instance that the Soviet Union will step up its diplomatic efforts to persuade the U.S. and its allies not, for example, to sell Harrier jets and other sensitive military material to China. An authoritative article in yesterday's Government newspaper Izvestia reiterated the Soviet line that modernising China militarily could well re-bound in the long run not only against the Soviet Union but against those who are short sighted enough to arm her now. "After being armed China may turn its eyes not only to the North, but, let us say, to the West or East. That is to the regions of Asia where Britain and France have extensive interests."

Whatever the eventual Western response to this line of argument, and at the moment the Western view appears to be that it would take decades before China came anywhere near matching the 44 well armed divisions which the Soviet Union maintains on its border with China, it is clear that the Soviet Union will now be watching with the closest possible attention for indications that the West is sensitive to its fears about China.

The Soviet Union is also acutely aware that to a considerable extent China is in competition with it for precisely the kind of technology and Western finance which the Soviet Union and its allies in Comecon themselves need for their own economic development. The Soviet leaders are particularly anxious to improve trade and economic relations with the U.S. This message was spelled out unequivocally earlier this month when Mr. Brezhnev and other top Soviet leaders personally met a high-level delegation of 400 U.S. businessmen in Moscow.

What all this amounts to is a situation fraught with dangers, but also pregnant with opportunities. The main danger is that the Soviet Union might turn its back on the policy of detente and retreat into a dangerous, brooding isolationism. There are hints of this in the interview which Mr. Georgi Arbatov, Director of the U.S.A. Institute in Moscow, gave to the Observer newspaper recently.

The alternative, which would require statesmanship of a high order on both sides, would be to move forward from the narrow definition of detente as practised over the last five years or so towards a more genuinely co-operative relationship. It would be foolhardy to underestimate the difficulties. But there have been some small conciliatory gestures from the Soviet side in recent months like the relaxation of restrictions on Jewish emigration and the Soviet concessions in the numbers game being played out in the MFBR talks in Vienna.

What is now required is a mutually satisfactory SALT agreement which would spill over into a commitment to real progress in Vienna and greater efforts to tone down those aspects of great power rivalry which bedevil the situation in Asia, Africa and the Middle East.

Genuine

The re-alignment of great power relations which has taken place with the re-emergence of China onto the world scene must not be used to frighten the Soviet Union but to create the conditions for a genuine relaxation of tensions. So far as Europe is concerned this will require the closest possible consultations between the U.S. and its European allies. The SALT 3 talks, in particular will intimately involve Europe. The forthcoming summit conference at Guadeloupe in the New Year must take all this into account.

A code on steel subsidies

THE DISPUTE over the role of national aids and subsidies in the EEC steel industry which had threatened to prevent the renewal for a further year of the Davignon system of minimum sales prices and negotiated limits on imports from non-EEC suppliers has been temporarily resolved. The Council of Ministers agreed earlier this week to the adoption of a voluntary code governing the use of subsidies which would last until the end of March while negotiations are held on mandatory controls.

A breathing space has thus been gained. But it could be a mistake to imagine that, just because the West German steel producers are as interested in market stability as anyone else, the Bonn Government—which, with the backing of the EEC Commission and other member countries, has been pressing hardest for subsidies to be regulated—will be any less insistent when the matter is taken up again in the New Year.

Practical

Up to a point, the dispute reflects the widely differing attitudes to the role and form of industrial policy in the member countries. Some countries, notably West Germany, emphasise the need for rapid adjustment to market forces, with the least possible intervention by governments. Others, notably the UK under the Labour Government, see a larger role for subsidies and other forms of assistance to cushion the effects of market forces. But the issues which have given rise to the dispute are practical as well as philosophical.

The Davignon measures, together with the very considerable restraint which has been exercised by Japanese steel exporters and the trigger price mechanism instituted earlier this year by the U.S. Government to limit imports of low-cost steel into the U.S., have brought about some improvement in the markets of the world's traditional steel-producing nations. But the purpose of the Davignon programme is to stabilise the market in the short-term in order to create conditions in which the essential re-structuring of the EEC steel industry can take place.

This re-structuring has been made necessary not only by the recession in demand but by the rapid growth of steel exporting capacity in the non-traditional steel-making countries of the third world. The West Germans fear that, because of the prevalence of subsidies in other European countries, re-structuring will be delayed and obsolete plants will be kept running indefinitely at the expense of more efficient EEC producers.

For the British Steel Corporation, the controversy has arisen at a doubly awkward time. The collapse of the steel market came when it was in the midst of one of the biggest re-equipment programmes ever seen. By bringing forward the closure of the "Beswick review" plants and by other cost reduction measures, it has managed to reduce its rate of loss to £151m. in the latest half-year. But, though BSC has put off commissioning some new plants and is hoping to recapture some of the home market sales it has lost to other EEC producers, it is unlikely to be able to achieve its target of viability in two years' time without persuading the steel trade unions to accept further closures of older plant and further substantial reduotions in manpower.

Postponement

In the meantime BSC is drawing substantial funds from the Exchequer (in the form of new capital and regional development grants) to finance its negative cash flow. A further complication is the continuing postponement of the corporation's financial reconstruction on the grounds that it is too soon to judge which assets should be written off and what the future earning capacity of the business is likely to be.

So long as the UK Government allows this situation to persist, other EEC members are bound to express concern. Past experience in other industries has shown that subsidies provided in the name of adjustment assistance too often have the effect of delaying adjustment and, as a consequence, creating unfair competition for producers in other countries.

Why Taiwan will survive

By CHARLES SMITH, Far East Editor, in Taipei

WHAT HAPPENS to Taiwan now that the Americans are leaving? Will it struggle on for a few more years in increasing isolation from the rest of the world? Or will the Nationalist regime which has claimed since 1949 that it represents the legitimate Government of China finally throw in its hand and sue for terms from Peking?

The answer as seen from Taipei is neither. Taiwan will not talk to Peking for at least as long as the present Government of President Chiang Ching-kuo remains in power. It will not struggle on in isolation from the rest of the world because, in spite of diplomatic appearances, and in spite of the burst of wrath which greeted last Friday's announcement from President Carter that he was withdrawing recognition, Taipei does not really believe that the Americans are going. Why it does not think so and why it could in a sense be right is explained in the following series of questions and answers.

Was Taiwan expecting the move and is it resigned to it now that it has happened?

The answer to the first part of the question is: yes, but not now. The answer to the second part is: definitely not. The Nationalist Government knew of President Carter's commitment to normalise relations with Peking during his first term of office as President and therefore assumed that the switch would have to be made before the start of primaries for the 1980 presidential election (that is by autumn 1979 at the latest). The Nationalists did not, apparently sense that Washington would try to settle the issue a whole year before the U.S. domestic political timetable required.

The explanations being offered in Taipei for President Carter's "haste" are:

(1) The President did not want to have to consult Congress (except after the event) which he would certainly have had to do if he had waited even until the beginning of next year.

(2) He was under pressure from U.S. business interests (especially banks and oil companies) to "open the door" to the China market by recognising Peking.

(3) U.S. foreign policy has had few results to show in other areas recently whereas the Soviet Union has been making some worrying progress in countries such as Afghanistan and Ethiopia. As Taipei's Washington-watchers see it, President Carter hoped that a breakthrough in relations with China would help restore the balance.

Taipei feels it has a right to be annoyed at the abruptness with which Mr. Carter's decision was thrust upon them, but they are definitely not going to cut off their noses to spite their faces. In other words, the Nationalist regime will not do anything that might prejudice the chances of salvaging what is left of the American relationship. That explains why the Taipei police acted promptly last Saturday to control the anti-American rioting which broke out after the news was announced.

What will the American presence in Taipei look like after the Embassy has been transferred to Peking?

The U.S. will probably follow Japan's example in setting up a "non-governmental body" to handle commercial and cultural relations with Taipei. It will be given a name such as "Asian American Services Corporation," and will occupy the building of the existing embassy.

The U.S. will thus retain something suspiciously close to official representation in Taiwan even after it has set up diplomatic shop in Peking. There will be no U.S. military presence on the island once normalisation has been put fully into effect, but that will not involve much change from the prevailing situation. The U.S. closed down most of its Taiwan bases, including one very large air base, after the end of the Vietnam war. At present there are an estimated 1,000 U.S. military personnel on the island of whom fewer than 500 are combat troops.

What happens to the various treaties and bilateral agreements linking Washington and Taipei?

The mutual security pact under which the U.S. was, in effect, committed to protecting Taiwan against attack from the mainland will expire on January 1, 1980, after a 12-month period of notice. The U.S. will continue to sell arms to the Nationalists, although Taipei officials claim not to be certain whether they will be available in the same quantities as before. All other treaties are to continue or to be replaced by "effective substitutes" according to U.S. spokesmen.

The chief areas covered by these other treaties and agreements are: U.S. assistance for the development of peaceful nuclear power and U.S. Export-Import Bank loans to Taiwan borrowers. That is a sensitive issue given that the Ex-Im Bank will become a big lender to China now that the U.S. is establishing itself in Peking. A third scarcely less important area is U.S. official insurance of American private investments in Taiwan industries.

The Americans say that the Overseas Private Investment Corporation (OPIC), the U.S. institution that looks after these matters, will continue to provide 20-year cover for U.S. companies wishing to set up factories in Taiwan, after the normalisation of relations with China. There is the snag that OPIC is supposed to offer its services only in countries whose per capita GNP is less than $1,000. Taiwan is approaching this ceiling very rapidly—all the more so as its currency, the new Taiwan dollar, is appreciating in value against the U.S. dollar.

If the U.S. honours its promises to maintain the treaties how will Taiwan actually be placed?

The main change in its position will be a theoretically increased exposure to the danger of invasion from the mainland—theoretical because almost everyone agrees that China will not invade at present for a variety of political and strategic reasons, not least the risk of upsetting its new friends in Washington. Because of the alleged security risk Taiwan will start increasing defence expenditure in 1979, possibly raising the defence budget to as much as $3bn from the 1978 level of around $2bn. There is an outside chance that the Nationalists might withdraw from the Nuclear Non-proliferation Treaty and give themselves the option to go nuclear. The foreign ministry however says that, "for the time being" the commitment to forgo nuclear weapons will be honoured.

The changes in Taiwan's economic position look less alarming. A flight of capital from the island is generally ruled out, on the grounds that foreign exchange controls are tight enough and effectively enough administered. Capital inflow could falter, but the consensus is that the fall can be kept within reasonable bounds. Taiwan estimates the 1978 inflow of direct investment from overseas at about $200m, 25 per cent more than last year's inflow and by far the largest amount recorded since the oil crisis.

U.S., European and Japanese companies that have been putting money into the island this year can be assumed to have known that normalisation between Washington and Peking was on the cards before choosing Taiwan as the site for their investment. This should mean that companies already on the island will wish to expand their operations as the economy grows, even if some newcomers hesitate. One company which quite obviously sees things in this way is Ford Motor whose Taiwan joint venture announced a major expansion plan three days after President Carter broke the news of normalisation.

Those who believe that foreign investment will continue to flow into Taiwan with or without normalisation cite two more arguments against panicking:

1—Taiwan has surmounted similar, if less serious, threats to its confidence before: for example, when Japan withdrew recognition from the Chinese Nationalists' régime in 1972.

2—When all is said and done, the economic credentials of Taiwan are impressive enough to compensate for a certain amount of doubt about its long-range survival prospects as a nation.

The economy is expected to reach a 12.8 per cent growth rate in 1978, with inflation running at just over 6 per cent. Exports, with the U.S. admittedly by far the main market, were up 38 per cent during the first 10 months of the year to $10.2bn, while imports rose by 28 per cent to $8.8bn.

The reason why Taiwan has had a spectacularly sucessful trading year in 1978 is that the revaluation of the Japanese yen has diverted demand for goods such as consumer electronics products away from Japanese factories to more reasonably priced sources in Taiwan. The growth of both exports and imports during the year has put the value of Taiwan's foreign trade marginally ahead of China's, although the former has a population of only 17m and the latter one of over 800m.

What will other non-Communist states do about Taiwan now that the Americans are pulling out?

Several of the remaining 21 governments (mostly of small Latin American countries) that still recognise Taipei will undoubtedly follow the U.S. example, and try to switch their embassies to Peking. Other nations which already recognise Peking and have barely visible presences in Taipei or none at all might, on the other hand, be encouraged to raise their profile somewhat. The Australian Department of External Relations is said to have considered setting up a private level mission in Taipei comparable to the one Japan now has and the U.S. will be establishing. A similar move appears to have been discussed in Canada as well.

There are suggestions that a number of foreign banks might shortly pluck up courage and establish themselves alongside the big U.S. banks (which from now on will presumably become heavy lenders to both Peking and Taipei). The U.S. banks, led by Citibank and the Bank of America, currently have over $2bn worth of loans outstanding to Taiwan borrowers, about half of which are to official organisations. One of the many legal problems which will crop up will be to devise a formula acceptable to the U.S. judiciary for the guarantee of loans by a Government which the U.S. no longer recognises.

What happens in the end?

That depends partly on when the end comes. Assuming, as most people in Taipei do, that it will not come for many years, the most probable guess would seem to be that some kind of bargain will emerge under which sovereignty over Taiwan is transferred to Peking while the Chinese Nationalists (or their successors) continue to run things in their own way on the island. Pending such a bargain the propaganda warfare between Peking and Taipei can be expected to continue. But the real accent will be on business as usual.

President Chiang Ching-kuo under a picture of his father, Generalissimo Chiang Kai-shek, who recovered China from the Japanese and lost it to the Communists.

Demonstrators outside the U.S. embassy in Taipei on Sunday protesting against Washington's decision to establish diplomatic relations with Peking.

MEN AND MATTERS

Sharpening the Cutler St. knives

The Cutler Street warehouses in the Port of London are not on every tourist's itinerary. But to judge from the controversy surrounding their impending partial destruction they should be. "Part of all our lives" is how Sir John Betjeman waxes on the 18th century buildings with their Henry Holland façade. And Professor Raimond LeMaire, president of the International Council on Monuments and Sites, uses adjectives such as "outstanding" and "unique."

These two are among those whose thoughts are flying today to Edinburgh along with a delegation which is trying to persuade Standard Life to alter its over £50m redevelopment plans.

They face a hard task. George Philip, deputy general manager of the company, tells me: "We're quite proud of what we are doing, upgrading a slum area." He says that the 4½-acre site is enclosed by a brick wall and inside it one can hear the birds sing. "It is most exciting, creating an atmosphere, almost building a city within the City."

The firm's architects are R. Seifert and Partners, known for Centre Point and the new Nat-West building in the City. But the Royal Fine Arts Commission considers its designs "insensitive and unworthy of their predecessors." It has joined Save Britain's Heritage in asking Peter Shore, Secretary of State for the Environment, to step in. SBH is particularly keen to stop Standard Life destroying the Middlesex Street facade behind which demolition work has already started.

Philip is unsympathetic to such efforts but the Department of Environment states that Seifert has apparently changed his plans and that the new ones require the demolition of further buildings on which listed building consent is required. The necessary consent was obtained for the first plans but now the plan appears to involve demolition of the site's listed Clock Building. It is here that Shore could intervene, as happened over the planned demolition of the Liverpool Lyceum, if that is, Cutler Street begins to appear on more maps.

Reef not

Is the Royal Thames Yacht Club sailing in shallow water? "No more so or less so than any other club," says its Rear Commodore, Stephen James. The question was inevitable given the announcement that the haven of ocean racers is disposing of its Club House at Warsash on the edge of the Hamble. "We are selling it reluctantly as it is not being sufficiently used to justify the overheads," James says.

He was not able to tell me whether the club's membership was rising or falling since it has some ten different classes of members. But he rejected any suggestion that the Club was reefing its sails. It is "very actively looking" for another site on the South Coast, he says. As for its Knightsbridge headquarters this remains in as good a shape as its reputation as one of the world's two top yacht clubs, even if it has now reached an agreement allowing members of the Anglo-Belgian Club to make use of its premises.

Wall-flowers

While loyal Chinese are airing their views on the street posters of Peking, in Eastern Europe they have been moving more discreetly. A colleague who has just visited one Chinese embassy found himself carefully directed towards a massive photographic display. This showed numerous shots from the funeral of the late Chinese premier Chou En-lai, and of mourning thousands. But Mao Tse-tung, where was he? Out of sight and out of mind. It seems that in this new version of political in-fighting any wall will do. Perhaps we should keep an eye on Hadrian's Wall for the next clues on Mao's fortunes?

"Now that's what I call recognition"

For the birds

"Bash Buzby and make Avon happy," is the slogan which the rubber company has been chirping to its employees, though at the expense of a storm in a birdcage with the Post Office.

Worried at the £50,000 per year telephone bill at its headquarters in Melksham, Wiltshire, the company put up 200 posters inside its buildings showing the PO's feathered friend reeling backwards from a punch with a giant boxing glove. "Keep phone calls short" was the message and advertising manager Geoff Fry says unrepentantly: "I think Buzby is a rather nauseous little canary." But he adds: "As Christmas is coming we are quite prepared to send Buzby a sack of canary seed as a peace offering."

Avon says that the poster has not amused the Post Office which has asked the company to withdraw it. But the Post Office version is rather different. They argue that Buzby is misrepresented since the PO too wants shorter calls during the business hours when 80 per cent of calls are made. Moreover, they say that when they mentioned this to Avon's press officer he first professed ignorance and then asked if the PO wanted the poster withdrawn. "No," was its reply, even if this meant abandoning Buzby to the bashers.

By any other name

Purists can be thankful their sensibilities have not yet been assaulted by a fresh definition of "banana." I quote it as used in its new meaning: "The danger of a serious banana is increased if we do not bring the inflation rate down."

These are the mysterious words of Alfred Kahn, chairman of the U.S. Council on Wage and Price Stability. He explains that the White House does not like the more conventional expression: "From now on you'll never hear the word 'depression' from me." Politics conducted in such terms would at least be colourful, if a trifle confusing to outsiders like the electorate.

Faute de mieux

A Berkshire reader went to investigate an ear-splitting noise in her small son's nursery and found him beating two saucepans and a tin tray with a hammer while her au pair girl looked on unconcernedly. "What on earth is going on?" she demanded. "Madam," the au pair said, smiling sweetly, "this is the only way I can keep him quiet."

Timely warning

Sign seen on a stall in a London market: "Victorian mantel clock. Goes for a year without winding. Do not ask how long it goes if you wind."

Observer

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FINANCIAL TIMES SURVEY

Thursday December 21 1978

Airports and Airport Services

Most major airports throughout the world are now being improved and expanded, at considerable expense, to ease the strains already being caused by the recovery of air travel, and to prepare them for the expected further traffic growth of the 1980s. Numerous developments are planned, especially in the Third World, but in many places environmental and financial constraints remain major problems.

A major growth in air traffic

By Michael Donne
Aerospace Correspondent

THE RECOVERY in world air travel in the past year or two has been astonishingly rapid, partly due to the stimulus of cheaper fares but also to the release of a pent-up demand for travel in many countries after the recession of the early to mid-1970s. The average annual expansion in world passenger traffic up to 1983 is forecast at 8.7 per cent, with further growth expected beyond that. In some regions this growth is expected to be even greater, amounting to as much as 14.8 per cent a year to and from the Middle East, for example, or about 12 per cent to and from Africa.

Air cargo is also projected to grow at a rate of 11 to 12 per cent a year world-wide through to the mid-1980s, with a growth of about 7 per cent a year thereafter to the end of the century.

These forecasts indicate that the air transport industry is now moving swiftly out of the doldrums of the mid-1970s, and that short of some unforeseen international upset, the present level of 600m passengers a year on scheduled services world-wide should double by the early to mid-1980s, and double again by 1990.

To meet this anticipated traffic growth, the world's major airliner manufacturers are forecasting sales of over £40bn worth of new airliners by the mid-1980s, and several new types of airliner, such as the Boeing 757 and 767 twin-engined short-haul jets and the rival European A-310 version of the Airbus, together with the smaller British Aerospace 146 feeder-liner, have all been launched this year in a bid to capture a share of this market.

This expansion will also have a significant impact upon airports throughout the world. Despite the period of slack traffic growth of recent years, which offered at least some chance for the ground infrastructure of world civil aviation to catch up, it is still in some respects lagging behind the developments that are taking place in the air. In the industrial areas of the world, such as Western Europe, the U.S. and Japan, where air transport is already highly developed, airports are already becoming congested, and very large sums are either already committed, or will have to be, to ensure that this congestion does not become worse in the 1980s.

In some other parts of the world, especially in the rapidly developing countries, this ground infrastructure for civil aviation either does not exist at all, or, apart from a few notable exceptions, is comparatively rudimentary—not only so far as airports are concerned, but also including such things as air traffic control and en route navigation aids. In these countries, too, substantial sums are being, or will have to be, spent, to ensure that those countries can keep pace with what is happening elsewhere.

Already many of the governments of the developing countries have recognised that civil aviation offers a rapid means of stimulating economic growth, and in those countries it is already possible to identify over 100 new airport developments, or expansion programmes involving existing airports, that will cost in all an estimated £10bn to complete by the early to mid-1980s. There are undoubtedly many others already in the conceptual planning stages, which will emerge soon, so that well before the end of the 1980s, several times that sum will have been spent on airport developments world-wide, ranging from improvements to terminal buildings through to the most expensive and ambitious programmes such as siting new airports offshore on reclaimed land.

Constraints

The development of airports world-wide, however, is being influenced by several major constraints. One of these is the growth of environmental objections to civil aviation on the grounds of noise and pollution, more generally the former. It is difficult for anyone connected with aviation not to have considerable sympathy for these who live and work round airports. There is no doubt that the early post-war development of civil aviation, and particularly the early development of the jet engine, paid little heed to environmental and pollution issues, with the result that the world air transport system is now paying the price in terms of objections, amounting in some Western European and North American cities to outright hostility.

The growth of these environmental lobbies has made it virtually impossible for any government or civil aviation authority to contemplate the development of a new airport, even the expansion of an existing one, without paying considerable attention to the environmental problems of noise and pollution. These are now highly significant factors in the development of all civil aviation, governing not only where new airports are to be sited, and even if they are to be built at all, but also just what can be done to improve existing airports to enable them to carry more traffic and, in the eyes of many environmentalists, to generate more noise.

The environmental objections to civil aviation have increased at such a rate over the past few years that they have resulted in new noise legislation in many countries that will effectively put out of service by the mid-1980s many of the present "older generation" of jets, such as Boeing 707s, DC-8s, VC-10s, Tridents and One-Elevens. At the same time, these moves have already encouraged the development of a quieter and cleaner "new generation" of airliners, such as Boeing 757s, 767s, European A-300 and A-310 airbuses, Lockheed TriStars, McDonnell Douglas DC-10s and Boeing 747s. Environmental objections have played a large part in restricting the development of supersonic civil aviation, with Concorde.

But the environmental problem has also imposed other constraints on airport developments. For example, it is now difficult, if not in some cases impossible, for many airports to spread beyond their existing boundaries. This means that any expansion has to be confined to the development of terminal buildings and other facilities inside existing perimeters, and it virtually rules out the development of new runways at most airports. Where new airports are required—and several of them will be needed in the 1980s in various parts of the world—they will have to be sited further away from city centres than most airports are at present, thereby creating problems and greater expense in the provision of road and rail access links.

At the same time, these environmental pressures have obliged many governments virtually to close their airports during the night hours to jet airliners, thereby not only reducing the economic potential of those airports, but also creating problems of the scheduling of long-distance flights for the airlines themselves. Airport authorities have been obliged to study a wide range of new techniques to spread the increasing burden of air traffic more evenly through the remaining hours of the working day — such as incentives in the form of cheaper landing fees for off-peak travel — so as to ease congestion during the peak hours.

Expansion

It is clear that as world civil aviation is poised on the edge of another major era of expansion in the 1980s, these environmental pressures will increase rather than slacken. As a result, it will become increasingly necessary for airport authorities to pay more attention to them at the earliest stages of airport conceptual planning, if only to avoid having their development or expansion plans overthrown or delayed at a later stage by unexpected objections. In the UK, this problem has been recognised, and the Government has established the Airports Policy Advisory Council, representative of all interest in civil aviation, together with local authorities, environmental groups, trades unions and other bodies, with the task of working out airport plans several years in advance so as to take account of all possible objections thereby hopefully preventing any delays in the eventual implementation of those plans.

Just how far these environmental pressures will influence the future course of civil aviation remains to be seen. But they do create something of a dilemma for governments and airport authorities — how to strike a balance between the growth of civil aviation and the environmental implications of that expansion.

As Mr. Stanley Clinton Davis, Parliamentary Under Secretary responsible for civil aviation in the UK has said, no one has yet discovered an accounting system which can measure the costs of airports in terms of environmental disturbance against the benefits derived from civil aviation. Nor is there a predetermined formula to maximise the amenities provided by an important airport and at the same time minimise the environmental disturbance. The UK Government, in trying to solve this dilemma, "will not be looking for the impossible, but it will hope to arrive at the best combination of factors."

The UK Government's strategy, outlined in its White Paper on Airports Policy last February, has already aroused criticism, but its proposals for coping with the anticipated traffic growth in London and the South-East, up to 1990, do represent an effort to come to grips with a difficult problem. But it is significant that the White Paper keeps the UK's options open for new airport developments in the South-East beyond 1990, if traffic demand requires.

In this debate on civil aviation versus the environment, it has sometimes been suggested that there should be some limit placed on the expansion of air travel in some countries (such as the UK), and that some individual airports should have "ceilings" of maximum traffic imposed upon them (such as at Heathrow). While it is not impossible to restrict the growth of individual airports, where there are others available to take the overspill (as in the UK), it is essential to remember that air transport is no longer a luxury for the better-off members of any community, but an integral part of the entire economic life of any country. This is why the countries in the Third World are all so eager to develop their own airlines and airports, and to integrate themselves into the growing world air transport system as a whole.

They have recognised that to cut oneself off from the expansion of world civil aviation is likely to prove one of the quickest ways to economic stagnation in the last two decades of this century. It is thus imperative that all countries find their own ways of accommodating the anticipated growth of air transport. If this involves spending more money on new airport developments—say, on quieter off-shore airports—then those sums are likely to prove eventually to have been well spent. For the alternative—missing the economic benefits of air travel growth in the future—could well prove to be in the long term even more expensive.

This whole question of cost is another of the growing problems confronting the world air transport industry. As already suggested, the bills for new airport developments through the 1980s are likely to amount to many billions of pounds. Coming on top of the bills in other directions, such as those for buying new airliners, improving safety and navigation and communications systems, the overall cost of providing the world with a complex, up-to-date air transport system through to the end of this century will be formidable. While in many countries much of this cost will continue to be borne by governments who

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U K facilities are under increasing strain

THE MAJOR problem now facing the Government and the airports authorities in this country is that, with the rapid recovery in the growth of air traffic, following the slack period of the mid-1970s resulting from the oil crisis of 1973, available airport capacity is likely to come under increasing strain. The ability of the *authorities to meet this growth* by expanding the available facilities, however, is itself under immense pressure from environmental and other groups who seek to impose planning constraints on all new airport developments, with the result that those developments are either severely delayed or rejected entirely. The pace of airport expansion is not now keeping pace with the growth of traffic, and is likely to fall even further behind, with the result that at some airports congestion is likely to get worse and saturation in the early to mid-1980s becomes a real possibility.

This is particularly *the case* with Heathrow, in the South-East, where the strain is already beginning to show, as virtually every passenger who uses the airport knows only too well. Currently capable of handling up to about 30m passengers a year, Heathrow actually handles about 25m, so that unless new facilities come into use by the *early 1980s, congestion at that* airport will inevitably grow, with saturation occurring by about 1982-83.

Solution

The solution to the immediate problem at Heathrow lies in the provision of a fourth passenger terminal on the southern side *of the* airport, capable of handling up to 8m passengers a year. This new terminal has already been sought by the British Airports Authority, but its development is held up pending the outcome *of a major* Public Planning Inquiry, ordered by the Government, through the Department of the Environment, as a result *of environmental pressures* from local communities round the airport. At this stage, it is *an open question whether the* building of the fourth terminal will be permitted. If it is, it will only give Heathrow a brief respite until the mid- to late-1980s, for at the present anticipated annual growth rate even the additional 8m capacity will have been filled by that time.

If it is not permitted, for environmental reasons, the *Government and the British Airports* Authority will be faced immediately with a major problem of what to do about coping with traffic growth. Several solutions already exist, but for various reasons they might not work. One solution would be immediately to oblige airlines to channel more of their services into Gatwick, south of London, where a £100m modernisation scheme (with additional sums still being spent) has raised the available capacity to 16m *passengers* a year, *against* the present actual annual total of about 7m. Beyond that, plans exist to expand the available *capacity at Gatwick still further,* to 25m passengers a year, by building another major terminal at the airport.

But already, the efforts by the Airports Authority and the Department of Trade to encourage airlines to move to the comparative peace and quiet at Gatwick, away from the increasing congestion at Heathrow, *have met with an extraordinary* amount of resistance. Foreign scheduled airlines who have been at Heathrow for many years—*some of them almost* since it first opened after World War Two—do not want to move because, they claim, they will be deprived of the substantial volume of inter-airline connecting traffic that is available through more than 50 airlines using Heathrow.

Also, some of them argue that they have invested substantial *sums in facilities at Heathrow* which would be rendered useless by any move to Gatwick, while many of their staff live locally to Heathrow so that the upheaval caused by any move would also be socially undesirable. While it is difficult not to have some sympathy with those airlines, the hard facts of civil aviation life in the UK are *that if they want to* avoid congestion at Heathrow, they will have to move to Gatwick.

But the other major problem that confronts the *authorities is* that any planning application to build the second passenger terminal at Gatwick is certain to run into the same kind of environmental and other objections that currently are holding *up the fourth* terminal at Heathrow.

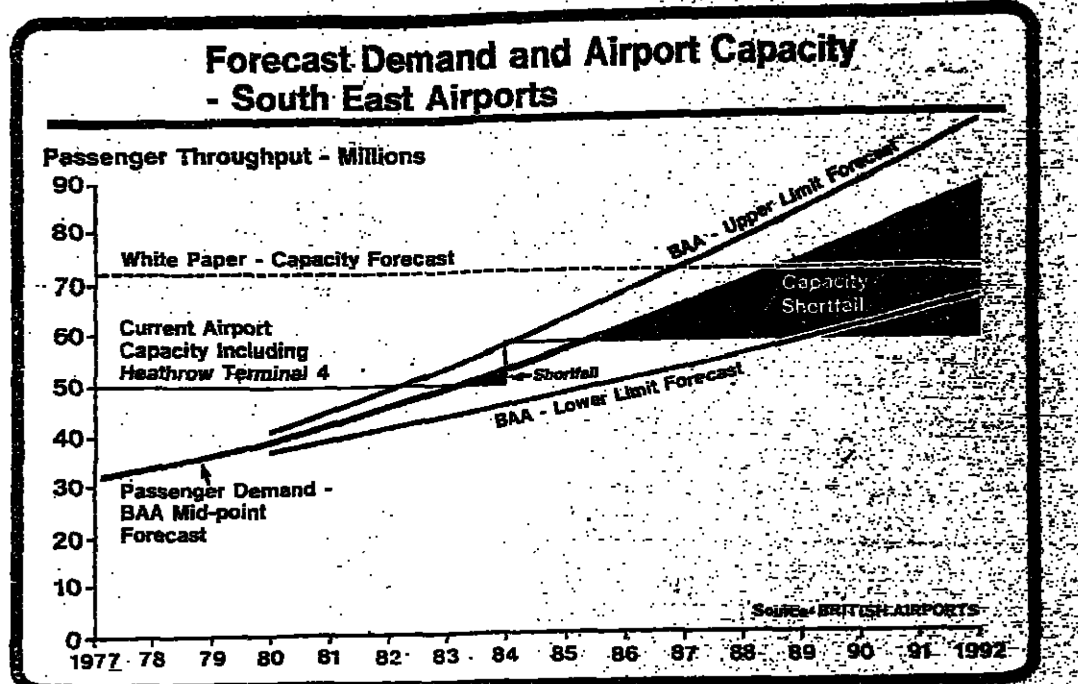
This will inevitably delay the development of any new *terminal at Gatwick, even on the* assumption that it is eventually approved. Even if the relevant initial planning application is submitted this winter, therefore, any new terminal at Gatwick would be unlikely to be in service much before 1983-84, even if it is permitted at all.

The third possible solution to the problem, the further *development* of Stansted, *north* of London in Essex, from its present capacity of about 1m passengers a year to 4m, has *already begun* to *arouse* the hostility of local environmental groups, although it must be stressed that so far this is only an idea, and has not yet been embodied in a formal proposal. But the rumblings now being heard from the rural fastnesses around Stansted are an indication that any further development of *that* airport will involve a considerable battle, and inevitable delays.

The further development of Luton (owned by the local municipality) to about 5m passengers a year from the present 3m is another solution, but not one that is likely to *provide any significant* alleviation of the overall London airports problems, since that expansion is almost certainly *going to occur at* Luton anyway as a result of the steady growth in holiday charter traffic over the years ahead.

These proposals—the further development of Heathrow to 38m passengers a year, and the development of Gatwick to 25m, Stansted to 4m and Luton to 5m—would give a theoretical capacity of 72m passengers a year for the London area. But the growth of traffic in London and the South-East through to the late 1980s will result in a *total by then of somewhere* between 66m and 89m passengers a year. Even if all the development proposals are approved—and *this* must be a dubious assumption—they will only provide capacity marginally in excess of the lowest forecast growth, and well below the level of demand should growth reach the upper forecast level.

If any of the proposed expansion plans at any of the four airports is denied, on environmental or other grounds, the *available capacity in the* London and South-East by the mid to late 1980s will fall far short of what is required to meet the volume of traffic growth. In fact, it only needs one development plan to be rejected, for the problem to start showing immediately, creating a domino effect of congestion and difficulty that will *grow as traffic itself continues* to grow. If the fourth terminal at Heathrow, for example, is rejected, the British Airports Authority will have no alternative but to press for the second terminal at Gatwick immediately, but the anti-airport lobbies will have gained considerable strength from the one victory to encourage them *to seek another elsewhere.*



Priorities

It is to try to prevent this situation that the British Airports Authority suggested, over a year ago, the creation of a new Airports Policy Advisory Council, comprising representatives not only of the BAA, but also of the Department of Trade, Environment and Industry in the Government, the local authorities around airports, *the* trades unions, and other interested bodies. This organisation was, in fact, set up this summer, and has already begun *its* work. *Its* prime objective is to identify the long-term airports problems in this country, even before they begin to emerge publicly, and to try to find solutions to them that will obviate the dangers inherent in delays stemming from planning objections and other difficulties, such as a shortage of cash and other resources for airport developmnet. By seeking to gain agreement from all interested parties well in advance as to what the *precise* airports development priorities are, and how they can be handled, it is hoped that the dangers of last-minute delays can at least be minimised, if not eliminated, and a smooth, well-ordered long-term plan for airports development *laid down.*

That such a plan is essential is indicated by the uncertainties about air traffic growth. All the current problems *in London* and the South-East stem from the forecast of traffic growth that will create a total of between 66m and 89m passengers a year in the region by the late 1980s. If the rate of growth experienced over the past year is continued, not only is it likely that the upper level of the forecast demand will be *reached*, but also might well be even exceeded. Most aviation economists and observers are agreed that only another major oil crisis or an international economic recession is likely to cut the rate of growth substantially, and they can point to the fact that even during the last recession, air traffic continued to rise albeit at a much slower rate.

But the other major problem that must also be faced is what to do about any further traffic growth beyond the late 1980s. This must be one of the major questions confronting the new Airports Policy Advisory Council. For it is clear that the growth in traffic is not likely to come to a halt in the late *1980s. Even if it continues at a* slower rate, it will be on a continually breadening base, so that in terms of actual numbers of passengers the annual increase will be bigger and bigger.

The Government has already indicated that it is aware of this possibility. In its White Paper on Airports Policy, published *earlier this year*, in addition to the proposed developments at the four main airports in London and the South-East, it foresaw in the period from *1990* onwards the possible need for additional airport capacity being met in any one of three ways:

1—The further major development at Stansted, to perhaps 10m passengers a year or more;

2—The development of an existing military airfield as a civil airport; or

3—The construction of a new airport on a virgin site.

The very mention of such possibilities is probably enough to fill environmentalists with horror, but unpalatable though it may be, the fact must be faced that one or another of these developments may become necessary in the early-1990s. It takes almost ten to 12 years to develop any big new airport, from initial conception, through choice of site, and all the planning and design stages, and then through construction to final passenger use, so that work on any major new airport for the early-1990s will have to be started some time in the *early-1980s. This means in turn* that the identification of the likely site will have to be undertaken earlier—say, around 1980 itself. The British Airports Authority has already warned that if air traffic growth accelerates in the immediate future, it is possible that the pressures on the London and South-East Airports will increase at a much faster rate, so *that any one of these* longer-term options might become necessary much earlier than 1990.

The point that emerges most clearly from any study of the current airports problem in *London* and *the* South-East *is* that it is due entirely to the Government itself failing to grasp the nettle and take the necessary bold decisions early enough, and stick to them. By firmly opting for the development of Gatwick *in the 1950s*, and sticking to that decision, that airport is now available as an "expansion chamber" for at least some of the overspill from Heathrow. But if earlier critics of Gatwick as a "White Elephant" had been listened to, *and its development plan* cancelled, the UK would now be in a parlous position to cope with air traffic growth. *It is becoming* increasingly clear, that had Maplin not been cancelled in 1974, it would by now be nearing completion, with one runway becoming operational by about 1980-81—and none of the current problems, and difficulties *over long-term options*, would have arisen.

Maplin, as an airport built on land reclaimed from the sea, offered almost the ideal solution to the airports dilemma of London and the South-East, in that it would have provided almost infinite capability for long-term expansion to meet traffic growth, while its associated *developments* would have provided not only a new port for London, but also done much for the economic regeneration of South Essex. But Maplin was cancelled in the wake of the oil crisis and subsequent industrial recession, when pressures on UK resources in other directions were severe, and *no* one could be sure where *air transport was going.*

The queston now arises, however, that if air traffic continues to rise to the extent that a major new airport development will be necessary in the 1990s, will Maplin, or something like it, be resurrected? It seems possible that it will, because the three options mentioned, two at least are "inland" options—the major development of Stansted and conversion of a military airfield—and almost no one would want to see an entirely new airport being developed on an *inland site.*

Depending on what happens to air traffic growth, therefore, the UK could well be in for another major debate on where to put its next major airport *for London* and the South-East of England.

Michael Donne

Air traffic

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regard aviation as an integral part of their economic growth, in other countries there is an increasing degree of resentment *that the taxpayer at large should* finance a development that is, after all, still used only by a comparatively small proportion of the population, for all that air traffic is measured in millions of people travelling each year.

Thus, in future, in some countries passengers may well find an increasing element in their fares allocated to pay for *the* construction, development and maintenance of air transport facilities. Already, in the UK, for example, security has been made a charge on the passenger, collected from the airlines by the British Airports Authority which in turn pays the cash to the Government, while there are also pressures to pass on to the passengers more of the cost of such things as en route navigation and other aids. Thus, at a time of increasing pressures for substantially cheaper fares, *to cater for the mass travel of* the future, the governments, airport authorities and airlines will have to strike a balance between the increasing costs of providing the system, and the need to cut fares to encourage more and more people to use it. This equation may become increasingly difficult to calculate, as more of the costs are passed on *directly to the ultimate users*, the passengers, who in turn are likely to become more vociferous in their demands for cheaper fares.

But even while this debate is taking place, the pace of development of airports themselves in many parts of the world is quickening, as subsequent articles in this survey demonstrate. Whether these developments will be adequate to cope with the anticipated growth of traffic remains to be seen. *They are* not without their own problems. One point which emerges is that even though governments and civil aviation authorities do pay attention to passengers' needs, the emphasis is increasingly upon achieving rapid mass flows than on making life more comfortable for the individual passenger. This is perhaps inevitable. But traditionally air travel has always offered something more attractive to the traveller than, say, road or rail travel has in many countries. Certainly, in the UK, airports are cleaner, brighter and altogether *more attractive places* at which to begin and end a journey than the average railway terminus.

It would be unfortunate, to say the least, if the emphasis placed on these things in the past was to become swamped in future on the need to process more people through an increasingly congested space in a limited period of time. To this extent, the growth of traffic, and the pressures it will place upon airports and those who *run* them, will represent a major challenge to the purveyors of a wide range of technical skills, from planners and designers through to civil engineers and finally the airlines and the airport operators, to ensure that *air travel of the* future does not become synonymous with discomfort, dirt, delays and difficulties. It should be possible for world civil air transport in the future to be not only big, but also clean, efficient and reasonably priced.

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Aerial gateways to Third World

MANY OF the new airport developments now in progress or planned are to be found in the developing countries of the Third World. This is not just a matter of national pride, although inevitably there is an element of this in the desire of many of those countries to have impressive aerial "gateways." It is more directly the result of a growing recognition that the quickest way to economic expansion lies in developing a reliable system of communications both internally and with the rest of the world, and that because of the severe difficulties and cost of developing internal surface transport systems where none have existed before, air transport is the only alternative.

The aeroplane, in fact, is being used increasingly as a means of industrial, economic and even political and sociological growth in many countries throughout the world, in much the same way that roads and the railways were used in Western Europe and North America in the 19th century. In countries where roads and railways either do not exist, or are on a limited scale, the aeroplane is often the only means of transport between isolated communities. What begins as a rudimentary link, with a crude airstrip, soon becomes of such importance to the communities concerned that more elaborate airfields are required—although even these are still a far cry from the vast expanses of concrete required at major international airports for major towns and cities.

This rapid expansion of the ground infrastructure air transport in these countries is likely to continue, because this is where much of the growth of the world's air passenger and cargo traffic is likely to occur. Estimates published earlier this year by the International Air Transport Association show that between now and 1983, the biggest expansion in air travel is likely to occur between Europe and the Middle East, where it will grow at an average annual rate of 14.8 per cent, closely followed by a growth of 12.1 per cent between Europe and the Middle East and West Africa, and 10.9 per cent with the rest of Africa.

Growth

Between Europe and the Far East, passenger traffic is expected to rise at an average annual rate of about 9.6 per cent. These growth rates compare with estimates of about 7.5 per cent for the North Atlantic, widely regarded as the most highly developed and sophisticated route of all.

It is estimated that there are probably more than 100 major airport programmes of all kinds either planned or in various stages of development throughout the Third World, and probably as many more programmes again of smaller value (those involving simply new buildings such as terminals or hangars, or the updating of lighting, communications, navigation aids and other equipment), with a collective total value on completion of about £10bn. This figure can only be tentative, because some of the programmes are in the earliest stages of planning and have not yet been costed, or the details have not been published. But on the basis that a major new airport can cost as much as £250m or even more from initial conception to completion, depending upon the size and scope involved (Maplin, for example, on reclaimed land off the UK Essex Coast, was originally expected to cost considerably more than that), the £10bn estimate is probably conservative, and is almost certainly going to be exceeded through the 1980s. The accompanying table lists some major programmes in developing countries, but is far from being exhaustive.

Where is all this money to come from? In the first instance, much of it will be cash generated internally by the developing countries themselves. For their governments, recognising the growing importance of civil aviation and the urgent need to become established in the world air transport system, are prepared to give top priority to, and spend substantial sums on, these developments. But for many of the smaller countries, the large sums required to establish a civil aviation ground infrastructure are prohibitive, and they need help from outside.

This is available from a variety of sources. The International Civil Aviation Organisation, the aviation technical agency of the United Nations, provides cash and technical assistance to emerging countries. It is helping with airport programmes in Jordan, Guinea, Sri Lanka and Vietnam. The World Bank and its affiliate, the International Development Association, lend cash to developing countries for new airport programmes, and these organisations are currently involved in helping to finance such programmes in 10 countries, including Colombia, Bolivia, Kenya, Jamaica, Mexico, Niger, Panama, Senegal, Sudan and Venezuela, involving more than $200m. In these cases, the countries themselves are required to put up some of the cash, but the loans are made on reasonably generous terms—spread over 20 years at interest rates between 7 per cent and 8.5 per cent for recent World Bank ventures, while the IDA, serving poorer countries, issues interest-free credits repayable over a 40-year period beginning 10 years after the loan is made.

Cash is also available in the form of aid from Western Governments to the developing countries, and many of the banks and other lending institutions in the West are prepared to consider loans to foreign governments for programmes which show promise of eventually being self-supporting and profitable.

Competition

Such is the competition in the business of providing airports, moreover, that many of the groups who offer their consultancy, design and development services are also able to help the prospective customer towards getting the necessary funds. There are probably few cases in recent years, if any, where a Third World country has been unable to get the cash it needs for its plans.

The problems of developing airports in countries of the Third World, however, are considerable. In the first instance, many of the countries involved are unable to provide much, if any, assistance from their own resources in terms of skilled manpower or equipment, and often they have only a slight knowledge of precisely what they need. The airports themselves generally require "total development," from selection of a virgin site through all the phases of design, development and construction to the equipping and final operation of the complete airport.

For this reason, there have emerged in several countries, notably West Europe, the U.S., Japan and Brazil, several major groups of consultatns and industrial organisation who are able to provide these complete "airport packages" to meet the widely varying needs of the developing countries.

In the UK, they include the recently-created British Airports International, which brings together the expertise in airport design and management of the British Airports Authority (probably the biggest single airport owner in the world), and that of International Aeradio, the airline-owned organisation that already provides extensive support for airport management in many countries, but notably the Middle East.

The British Airports Authority is currently helping to revise the master-plan for Baghdad Airport, and is making traffic forecasts for Mosul and Erbil airfields, with a general forecast for air transport development through Iraq.

International Aeradio Group has for long provided aviation and communications technical services: equipment and systems world-wide. Formed soon after World War Two by a group of major airlines, IAL's aviation capability has grown substantially in recent years, and now includes the provision of personnel and the supply and installation of equipment for the management, operation and maintenance of airports, air traffic control services, aeronautical telecommunications, radio and radar aids to navigation, security systems, meteorological, fire and rescue services and other associated activities. Currently, IAL, with 4,000 employees working in over 50 countries, has a turnover of over £100m a year, representing a five-fold increase over the past 10 years.

Also deeply involved in the provision of facilities for airports overseas, especially in the developing countries of the Third World, is Cable and Wireless of the UK. The company's Airport Services Division was set up in 1971, and now provides consultancy, system design and engineering, installation, and maintenance of a wide range of communications, radar and radio navigational aids for airports world-wide, as well as such other items as power-plant, baggage handling systems and airfield lighting.

Contracts

Another major group in the UK is Plessey, whose constituent organisations, Plessey Navaids and Plessey Airfield Systems, have already been awarded several major contracts, especially in Africa, for example in Zaire, Gabon, Ivory Coast, Libya and Egypt, involving in all more than 25 airports. Of these, probably the largest Plessey contract on hand involves a five-year programme for the major expansion and modernisation of Abidjan-Port Bouet International Airport on the Ivory Coast, which is intended to make it one of the most modern airports in Africa. Plessey has total management responsibility for the substantial work already in hand, worth about £50m, and for design studies for further stages.

But the competition from overseas is formidable and intensifying. In Western Europe, the Aeroport de Paris has established itself as a major airport planning and development organisation on over 80 projects in many countries, especially in Africa and Asia, while the Frankfurt Airport Authority ("Airconsult") is also extensively active and is now engaged in a major contract for the Netherlands Antilles Government for the long-term development of the Juliana airport on the Caribbean Island of St. Maarten.

Italian and Brazilian consulting groups are also active, while the U.S. has several groups in the field, in some cases including major aerospace engineering companies such as Boeing and Northrop, who are also working independently on some other airport contracts. Boeing, for example, has supplied and installed one of the world's largest cargo handling systems for Hong Kong's Kai Tak, and is installing and implementing the air traffic management system for Angola, covering seven primary and three secondary airports. In a master plan and development report for a new international airport in the Eastern Province of Saudi Arabia, Boeing was chief outside consultant to the Japanese architects, Minoru Yamasaki Associates. In West Germany, the German Aircraft Group, based on Munich, is a consortium that includes Siemens and Standard Elektrik Lorenz, and which is active in airport planning and development and the manufacture of electronic equipment for air traffic services.

One of the most recent new airport developments in the Third World is the completion of the new £30m airport for Nairobi. Situated about a mile or so from the old Embakazi airport, the semi-circular five-storey passenger and cargo terminal is unique in Africa, with an 18-storey control tower. Its horseshoe-shaped apron is capable of handling up to 10 Boeing 747s or 13 Boeing 707s at one time.

The Kenya Government's thinking behind the project was that Nairobi was rapidly developing as a crossroads for businessmen, diplomats and officials visitors in Africa. The new airport has been built, therefore, by a prosperous developing nation as a key factor in its development strategy.

The new airport will be especially important to Kenya's burgeoning tourist trade. In 1977 tourist receipts totalled over £50m, more than any other single export except coffee. The old airport handled 1.5m pasengers last year. The new one is intended to handle 1,200 departing and the same number of arriving passengers every hour.

Finance for the airport came from the World Bank, which subscribed $29m, while the Kenya Government found the rest. The master-plan was prepared by Sir Alexander Gibb and Partners (Africa) and the main contractor was the Italian company Sogene. Three hundred miles to the south, at Mombasa, centre of Kenya's holiday coast, another new international airport was recently opened, costing £15m. It takes Boeing 747s and Boeing 707s, most of them carrying package-tourists from West Europe.

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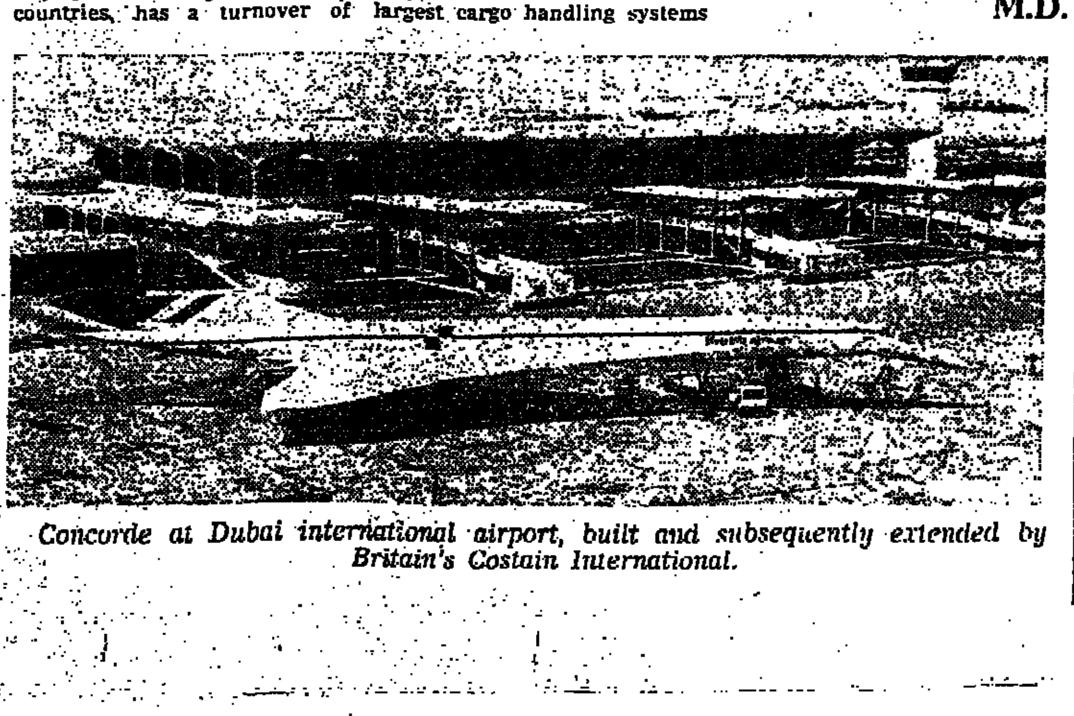
SOME MAJOR THIRD WORLD AIRPORT DEVELOPMENT PROGRAMMES

Country	Type of work (with estimated cost where known)
Botswana	Extension of Gaberones airport planned
Colombia	Replacement of Medellin, and expansion of Bogota and Cartagena ($98m)
Bolivia	Replacement airports at Riberalta, San Borja, Santa Ana; improvement of Tarija; design of Cochabamba ($39.5m)
Egypt	Improvements at Cairo International
Hong Kong	Replacement for Kai Tak planned
Iraq	Expansion at Baghdad
Ivory Coast	Improvement at Abidjan-Port Bouet (£50m)
Jamaica	Expansion of Manley and Sangster Airports ($28m)
Jordan	New Queen Alya International airport, Amman ($150m)
Kenya	Expansion of Nairobi International ($80m)
Kuwait	Expansion, including new hangars, at Kuwait International
Libya	Improvements at Sebha
Maldives	New runway at Hulule
Malaysia	Improvement at Kuala Lumpur (Subang Intl.) ($50m)
Mexico	New regional airports at Vilahermosa, Tuxtla Guitierrez, Minatitlan, Poza Rica, Los Mochis and Tapachula ($71m)
Nepal	Modernisation of Katmandhu-Tribhuvan
Nigeria	Improvements at Lagos
Niger	Expansion of Niamey International ($5.5m)
Panama	Expansion of Tocumen International ($77m)
Saudi Arabia	Over 30 programmes under way, including new airports at Jeddah and Riyadh (over £600m)
Senegal	Improvements at Dakar and new airports at Ziguinchor and St. Louis
Singapore	New airport under way at Changi ($500m)
South Korea	New airport planned at Cheju ($164m)
Swaziland	New airport planned at Mpaka
Thailand	New site for international airport for Bangkok sought
United Arab Emirates	Extensions and improvements at Abu Dhabi
Venezuela	Expansion of Simon Bolivar, Caracas ($238m)
Zaire	Improvements at six airports



Concorde at Dubai international airport, built and subsequently extended by Britain's Costain International.

The passenger and his needs

THE PASSENGER is ostensibly the person for whom air travel is designed, and to be fair to the airport authorities and the airlines, they do try to meet his or her requirements to the best of their abilities, and within the resources that are available to them. But the passenger can be forgiven for sometimes believing that many airports—and even some airlines—are designed more for the convenience of those owning and running them rather than for the people who use them.

This may seem to be a harsh judgment, and it certainly does not apply to many of the airports and airlines of Western Europe and the U.S. But, nevertheless, there can be few air travellers who would disagree with it, having at some time or another suffered the agonies of frustration and even despair at the delays and inefficiencies that seem to accompany the running of some airports. And the more that air travel grows, the more the ground segment appears to be falling behind the progress in the air, and the more the frustrations and agonies for the passengers that accompany it.

Requirements

All that any passenger wants from an airport, anywhere in the world, is that it should be clean, comfortable, conveniently located and easy of access, safe and pleasant to use, and, most important of all, swift to pass through, with the minimum of formalities and bottlenecks. It is not a formidable list of unattainable requirements. But it is probably true to say that no single airport anywhere in the world fulfils all of them all of the time. The sad fact is that too many airports do not even try to meet some of the most elementary items in the list, and often only comply with one at the expense of another.

Not all of the world's air travellers are businessmen. Many of them are first-time air travellers, often holiday-makers who have paid very low fares. But this is no reason for them to be treated as second-class citizens, as they often are at airports round the world. There can hardly be a British package-tour holidaymaker who has not some horror-story to tell of the airport at his Mediterranean or other sun-spot. Hastily constructed, sometimes in a most unsuitable place from the air safety aspect, in order to cash in on the tourist boom or for other quick economic returns, many of those airports are hopelessly inadequate.

They are often too small, lacking sufficient toilet, refreshment and seating facilities, without air-conditioning in the heat, some of them little more than sheds echoing with the noise, and redolent with the fumes and dust, of arriving or departing airliners. The holiday-makers on the way in, excited at the prospect of their two-weeks vacation in the sun, usually do not notice the deficiencies. But when they are required to wait in the airport for several hours on the way out at the end of the holiday, those deficiencies tend to emerge in their glaring horror. Some of the ambience of the Mediterranean sun-spot then evaporates, and much of the feeling of peace engendered by two weeks' vacation is wrecked by the frustrations and delays the passenger seems obliged to undergo as part of the price of getting home.

For it is one of the facts of civil aviation today that the pace of development in the air has not been matched by that on the ground. The manufacturers are producing ever-bigger airliners, designed to carry passengers more economically (which seems often also to mean more uncomfortably). The airlines buy them in large numbers, and fly them to more and more places, whose Governments and local authorities seem to be only too keen to receive them. But no government or airport authority anywhere in the world spends anything like as much on its airports and associated ground systems as it does on its airlines and its aircraft. This is just as true in the U.S. and Western Europe as it is in the countries of the Third World, despite the many major new airport developments that are taking place world-wide and the acceptance by more and more governments that to exploit civil aviaton is one of the quickest ways of ensuring economic growth.

Some of the biggest airport owners in the world, such as the British Airports Authority, do make a conscious effort to study the passenger's basic needs. But it is still possible to find faults. At Heathrow, for example, the biggest international airport in the world, the toilet facilities in all three terminals are inadequate, especially in Terminal Two. There are inadequate restaurants of good quality—there are, in fact, only two at Heathrow that really can be regarded as restaurants in the full sense of the word, one in Terminal Two and the other serving Terminal Three, with the remaining catering establishments being little better than of snack bar standard. And many of the other passenger amenities are inadequate—insufficient public telephones in all three Terminals, for example.

The BAA also does make an effort to cope with the passenger's basic desire to pass through the airport as quickly as possible, but efforts at achieving swift and efficient flows are being hamstrung by the inexorable growth in traffic, requiring constant structural modifications, as well as by external factors beyond anyone's control—such as the fear of terrorism, requiring strict security checks and even body searches.

Delays

Also, the Airports Authority is subject to the normal Government Customs and Immigration requirements, which tend at best to slow down the speed at which passengers can be passed through, and at worst to create bottlenecks at some times of the day (such as early morning) which result in extensive delays. Baggage handling delays at Heathrow are also a constant cause of complaint, especially in Terminal Three. There are also faults with the long-term car parking system: the courtesy buses are too small, and there seem to be insufficient numbers of them, so that waits of up to 20 minutes for a bus at peak periods are not uncommon. On the homeward journey, the pick-up points are not sufficiently clearly displayed, the telephones to summon the buses are hidden too far away (they should be actually at the pick-up points), and there is no attempt made to ensure orderly queueing (why cannot queueing barriers be built at the pick-up points, as they are for taxi queues at some major UK and foreign railway stations?). The Central Area car parks at Heathrow are inadequate: has anyone thought of building downwards into the ground, rather than upwards? If the railway can go underground, why can't the car parks, too?

There are other problems at Heathrow, especially with getting into and out of the airport. Car passengers arriving from the South-West have a particularly difficult time, being funnelled several miles out of their way past Cranford to the A4 or even the M4 motorway before being channelled back along the spur into the one main access tunnel. But another tunnel exists, linking the Central Area with the main cargo area on the South-West corner of the airport. This is a "Customs bonded tunnel," ostensibly for the use of vehicles with bonded goods moving to and from the cargo area, and other "official" vehicles. Why can't it be thrown open to regular airport passenger traffic moving up from the south and south-west? Is it really essential for the Customs authorities to have such a stranglehold upon it? What is going to happen, for example, if and when the proposed fourth terminal at Heathrow is built, with a large proportion of the 8m passengers a year using it likely to need interchange facilities with the airlines using the Central Area? Will they have to move all the way round the perimeter road, causing congestion there, or will they be allowed to use the cargo tunnel, or channelled into an extension of the underground railway that hopefully will also be built between the Central Area and Terminal Four?

The British Airports Authority's long-term plan for Heathrow does envisage a totally new system of car control, whereby all cars seeking to enter the airport will be charged high rates for the privilege of going through the main tunnel and for the time they spend in the Central Area. Once inside, the multi-storey car parks will be free, and congestion will be avoided by ensuring that only that number of cars for which parking slots are available will be allowed in at any time.

Question

Whether this system is eventually introduced remains to be seen. It may not be necessary if the fourth terminal is eventually rejected by the Government, and Heathrow's capacity is pegged at 30m passengers a year (which will bring other serious problems for the British Airports Authority). But it does at least show that the Authority is conscious of the problem and of the passengers' needs—which are very often the same thing—and that it is actively devising ways of meeting them.

That the UK does pay more attention to these matters than most other Governments and airport authorities overseas is evident to any world traveller. Heathrow may have its faults, but it is akin to Heaven in comparison with some airports in other parts of the world, and although its systems appear sometimes to creak under the strain of growing traffic, they do at least work (except, of course, when bad weather brings the entire air transport system to a standstill).

But to be efficient, one does not have to be big, and often the simplest systems are the best. Thus, there are some innovations that might with benefit be introduced at Heathrow and other major UK airports. One is the U.S. domestic air travel system of kerb-side check-in, which for short-haul passengers is often a time-saving boon, and one which appears to work well. It would do much at Terminal One, for example, to reduce the queues at check-in desks inside the terminal (why is it that British Airways never seems to have every place at every desk manned during peak periods?). Also, the "Shuttle" system between Heathrow and Glasgow and Edinburgh is a great convenience, but why, on those internal routes where traffic is insufficient to justify a Shuttle, cannot the same system of ticket-purchase at the gate or aboard the aircraft, be introduced?

All of these may appear to be trivial points or complaints to the various airport owners, authorities and Government departments, not only in the UK but also elsewhere. But they are all points which have emerged from personal experience, and have been only too frequently corroborated by readers of this newspaper. They confirm that the passenger, the ultimate consumer in air transport, is still not being given the quality of treatment that he deserves, no matter what level of fare he may be paying. Moreover, they tend to confirm the suspicion that has been growing in the minds of many frequent travellers that those who run airlines and airports are, perhaps unwittingly, allowing the growth of mass air travel to become synonymous with a lowering of standards of service. This is not only unnecessary and undesirable, but also a waste of valuable resources. For no matter how much like a palace of chromium, steel and plate glass the designers may make the terminal, it is wasted if the person it is designed for, the passenger, is frustrated and angry at the delays and difficulties cast across his path by clumsy and inefficient handling and inadequate attention to his requirements.

The problem with the world's air passengers themselves, of course, is that they are not yet organised to make their voices heard. While some organisations do exist ostensibly to promote the passengers' view point and to look after his interests—such as the Air Transport Users' Committee in the UK—they tend not to have enough bite to make their views and protests sufficiently effective. The AUC in the UK is a quasi-official body, originally set up to help the Civil Aviation Authority in its work, and while it is always ready and willing to listen to complaints and suggestions from the travelling public, it is not a body that is open directly to public membership on a wide scale.

The passengers might well take a leaf from the pilots' book. The International Federation of Air Line Pilots' Associations (IFALPA) grades airports on a star system. A black star is given to an airport it considers "critically deficient" in aids to safety. A red star airport is one that is "seriously deficient" — sufficiently lacking in aids to create a potential hazard — while an orange star goes to merely "deficient" airports that pilots don't like for many reasons but which are not sufficiently lacking in aids to rate the black or red star grading. The IFALPA list contains 26 airports throughout the world it considers "black star" airports, including several in Colombia, four in U.S. territory (Boston, Los Angeles, St. Thomas in the Virgin Isles and Pago Pago in U.S. Samoa), three in Australia, two in Greece (Corfu and Rhodes), two in Indonesia, two in Italy (Rimini and Alghero), one in Chile, one in Fiji, Tehran, and others in Malaysia, Tonga and Japan.

The world's air passengers, if only enough of them can get together, might well consider establishing a body of their own to undertake a similar grading of the world's airports according to a basic list of passenger requirements — such as cleanliness, comfort, convenience of access, and swiftness, ease and courtesy of service. It would probably startle a large number of complacent airport authorities around the world to discover just what the millions of passengers who use — suffer is in some cases the more appropriate word — their airports really think of them.

M.D.

U.S. network set for major shake-up

THE ENORMOUS publicity given to the current deregulation of the U.S. airline industry has concentrated quite rightly on what it means for the airlines themselves. But an equally important question is, how will the country's 629 scheduled service airports cope with what is certain to be the biggest shake up in the industry's history?

A hint of the trouble ahead was indicated recently by the head of the Federal Aviation Administration, Mr. Langhorne M. Bond, warning that sheer lack of airport facilities could undercut whatever benefits deregulation brings to the airlines. His remarks came only a few days after a Pacific Southwest Airlines jet collided with a light aircraft over San Diego, causing over 150 deaths in the worst disaster in U.S. aviation history.

Congested

Mr. Bond's point was that even if deregulation increases competition among airlines and, hopefully improves services and cuts fares, the country's major airports are already so congested that aircraft will have difficulty getting in and out of them, and even when they do they may not land near a gate to take on or discharge passengers.

This year alone, passenger traffic has grown by 18-20 per cent, double last year's rate of growth. And though this hectic pace is unlikely to be sustained, it gives a good idea of the size of the problem.

These fears apply mainly to the country's dozen largest airports which either by virtue of the towns they serve or their convenient location as hubs for interchanges, handle over 10m passengers a year. Chicago's O'Hare airport, for instance, serving a town of 3m, expects to handle over 44m people this year, while Atlanta (population 430,000) the country's busiest interchange airport—will handle over 35m.

The pressure on space is graphically illustrated by the fact that all 104 gates at the giant new terminal that Atlanta is building for the 1980s have already been leased out, in some cases for 30 years. Any airlines now wanting space will now have to sublease.

According to the Airport Operators Council International (AOCI), the Washington-based trade group, four major airports, have reached the limit of expansion. These are New York's Kennedy and La Guardia, Chicago's O'Hare and Washington's National airport. In each of these cities, the airlines share out "slots" among themselves on a quota basis. And though some improvements to access roads, and passenger and freight terminals are planned, any large increase in traffic would have to be absorbed either by brand new airports, or by expansion of others nearby.

In New York's case, part of the load could be shouldered by the city's third airport, Newark, where a third terminal is ready for completion when demand justifies it. The trouble is that Newark is out of the way for most travellers and the prospects of it becoming as busy as the other two are remote. Another alternative, proposed by the Tri-State Regional Commission, was the development of existing community airports, like Westchester's White Plains, but this is fiercely resisted by local residents.

In the face of an impasse, local planners are pinning their hopes on the wide-bodied jet era easing the access problem by packing in more passengers without increasing aircraft movement. But this still poses the problem of ground handling where a whole new technology based on ideas like "people-movers" is growing.

Atlanta is the leading example of established airports where growth is possible, though it has been predicted that the new terminal will be operating flat out within three years. Los Angeles has just launched a project to double its international terminal capacity within two years. Denver, an important hub, is also growing: so is Baltimore-Washington International which should eventually take some of the pressure off Washington's National airport.

But the picture is not wholly bleak. Dallas-Fort Worth, the giant airport in northern Texas, has set a pattern for airports of the future by emphasising generous capacity and all the latest in ground-handling technology. A new super airport is also planned for Palmdale outside Los Angeles. But though others may follow, it is probably too late for more than a handful of cities to prepare such grandiose schemes. Space is limited, and environmental opposition fierce.

Nevertheless, established airports can always expand their capacity by more efficient handling. Travolators and high capacity baggage handling equipment are fast becoming essential. And already, fundamentally new ideas are being applied.

Example

One of the most striking is that encountered at places like Washington's Dulles International. Contrary to the trend towards gates which offer instant dis- and embarkation, Dulles has gone back to buses, but of a different kind. They travel high off the ground on stilts and pull up right against the aircraft's door, enabling passengers to embark directly as if they were walking off a gate ramp. The advantage of this system is that it does away with the need to pull aircraft up to the terminal buildings. This in turn eliminates those interminable corridors connecting the terminal with the gates, and it enables airports to make the fullest use of their parking areas.

But the irony behind the trend towards super airports is that many second tier and local airports are actually suffering a decline in business: some even face losing scheduled services altogether, or at best an end to non-stop services to important destinations.

This is because airlines naturally go for the busiest routes, neglecting the short hops to outlying places. Deregulation is likely to hasten this trend as airlines are relieved of obligations to serve less profitable routes as a condition for rights to the lucrative ones.

AOCI is fighting the proposal by the Civil Aeronautics Board to replace the present practice of awarding routes to airlines administratively with a system of public auction. This is because it believes the airlines will only bid for high-density routes, so the hub will get bigger and the smaller airports will be forced into playing a feeder role.

The downgrading of community airports would also be financially wasteful since many of them were built as local prestige projects, and are well equipped.

Although AOCI's interest is principally the commercial one of keeping airports busy, its views are shared by those who fear the social consequences of a big upheaval in air traffic patterns which would leave isolated communities without transport, an argument which echoes long-standing debates about train and rural services.

The net effect of deregulation is therefore likely to be a shift of airline traffic away from the smaller airports which need service to the big airports which, in most cases, will be hard pressed to absorb more passengers. The illogicality of this has not been lost on those who operate and regulate the airline business, but it is viewed as part of the price which needs to be paid to achieve the higher goal of leaving the airlines to get on by themselves. The CAB does, however, have the right to review route allocations if it feels smaller communities are getting a raw deal, so future Congressional intervention cannot be ruled out altogether.

David Lascelles

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Problems of regional development

IN THE U.K., there are now 44 airports—that is, places with regularly scheduled passenger transport services, either domestic or international or both. These are distinct from "aerodromes," of which there are many more, but which are largely confined either to military operations or aircraft manufacturers' purposes, or to private, leisure or sporting flying of various types (including gliding, for example). While some of these aerodromes are used occasionally for public transport purposes, such as business flights by company-owned aircraft, facilities such as Customs and immigration have to be laid on specially, therefore they are not generally regarded as airports as such.

Apart from the airports owned by the British Airports Authority (Heathrow, Gatwick, Stansted, Prestwick, Glasgow, Edinburgh, Aberdeen), and the "Highlands and Islands" airports owned by the Civil Aviation Authority, the rest are owned and run largely by local authorities, and only in a few instances by private organisations.

Of the 44 listed as airports by the CAA, the biggest is Heathrow, which in the year to last March 31, handled close to 23.6m passengers. Next is Gatwick, which handled 6.76m, followed by Manchester, with 2.84m, Luton, with close on 2m, Glasgow, with 1.78m and Birmingham, Belfast and Edinburgh, all with just over 1m. All the rest in the year to last March 31 had less than 1m passengers, although some only just narrowly missed this figure, such as Aberdeen, with 997,000 passengers.

Busier

But, as a result of the growth in air travel over the past year or so, most of these airports are becoming busier—the only exceptions being some of the very small Highlands and Islands airfields which experienced some falls in traffic last year. Collectively, the 44 airports last year handled 1,374,000 aircraft movements, of which 785,000 were transport aircraft movements, and over 47m passengers. The fact that last year the strike of air traffic control assistants severely cut the number of aircraft movements (from 1,895,000 in the previous year), but did not affect the number of passengers, was a reflection of the big growth that was taking place in passenger movements in the earlier months of the year, offsetting any declines in traffic during the period of the industrial dispute.

The Government's White Paper on Airports Policy, issued earlier this year, saw an increasing role for these regional airports outside London and the South-East in the years ahead, as traffic grows and congestion increases at Heathrow, requiring more traffic moving out of that airport into Gatwick, and perhaps also to Stansted and Luton, but certainly also to regional airports. The Government's argument is that at present the regional airports suffer from overcapacity, with only a limited range of scheduled air services, spread over a large number of airports. The Government's main objective, therefore, in the long term, is to encourage the growth of traffic at the principal regional airports, while avoiding the provision of excessive new capacity. The Government's view is that this policy "should help to develop air transport on a firmer base throughout the UK and, by providing a wider range of services and more frequent connections, to attract international traffic directly to the regions, where an important expansion in tourism is taking place."

Just what the Government regards as "a wider range of services" has not been spelled out in detail. But there is no doubt at all that many people in the regions are deeply unhappy not only about the Government's policy, as outlined in the White Paper, but also about the way in which the Government, through the Department of Trade and CAA, is implementing its policy of encouraging regional air traffic.

Most foreign airlines serving the UK not only insist that London is their focal point, but also that in the area they prefer, even insist upon, Heathrow rather even than Gatwick. It would appear, therefore, that if the Government wishes to see more international services by foreign airlines at regional airports it will have to stimulate such developments by making it either financially attractive for them to move to those airports, or develop through its various international bilateral air agreements a policy of seeking more air services to and from the regions, in the same way that it is now trying through bilateral discussions to get a greater foreign airlines' use of Gatwick as opposed to Heathrow. Some foreign airlines already use the major regional airports, but they will only expand their operations when the traffic itself is demonstrably there, and not the other way round.

One of the basic problems that has bedevilled the development of regional air services in the UK, both domestic and international, has been lack of traffic to sustain regular scheduled operations by medium to large aircraft. Frequently in the past, an ostensibly economic service between a UK regional airport and an airport on the Continent has been started, but has foundered because the anticipated volume of traffic did not materialise. What now appears to be happening, however, is that airlines are starting services with the smaller, more economic and less ambitious types of aircraft that are becoming available, very often six to 10-seaters such as Piper Navaho Chieftains or Embraer Bandeirantes, and building up from there, growing in aircraft and fleet size as the traffic grows, rather than starting with aircraft that are much too large in the hope that the traffic will expand to fill the aircraft.

In this way, it is hoped that a substantial network of regional air services will evolve in the years ahead, taking some at least of the strain off airports in London and the South-East. But the other major problem remains lack of capital for the start of such operations, and the Association of British Chambers of Commerce recently suggested that the Government, as part of its overall airports policy, should encourage such services by introducing a subsidy scheme for new air services.

This financial aid would be given to small airlines specifically starting operations from regional airports. The aid would be of strictly limited duration, as the intention is not to provide permanently uneconomic air services but aid for airlines in the difficult and expensive start-up phase. Clearly, in order to qualify for aid, airline operators would have to demonstrate their competence, and it is envisaged that the scheme would be operated in conjunction with civil air licensing policy. The association argues that it might even be cheaper in the long run to have such a scheme, than to embark upon the development of a major new airport.

In other parts of the UK, the Government's White Paper has come under fire for not going far enough to provide for future airport development in the regions, and there are some considerable differences of view within the regions on what needs to be done. In Yorkshire and Humberside, for example, there are considerable pressures for the further development of the existing Leeds/Bradford airport, with an extension of the runway, at a cost of over £9m. But the Yorkshire and Humberside Airport Development Association contests this plan, and believes that a major new regional airport should be developed at Goole Moor, in the centre of the area bounded by Hull, Doncaster, Leeds and York. The cost of such a development is estimated (at 1977 prices) to be about £50m, but the association claims this is comparable with the aggregate investment proposed at Manchester for strengthening of the existing runway, the construction of a second runway, and the development of the East Midlands airport at Leeds/Bradford, including the proposed runway extension at the latter. The association believes that the 4½m population of Yorkshire and Humberside should have a regional airport of their own, and that "any national airport policy should encompass a major national or gateway airport east of the Pennines."

Similarly, there has been considerable disappointment on Merseyside at the recent decision of the CAA to reject applications from British Midland Airways for licences to fly direct services from Liverpool (Speke) airport to Paris and Amsterdam. BMA took over services at Speke from British Airways earlier this year, in a bid to reactivate the airport, which is currently running at a loss. The CAA ruled that adequate international services are available from Manchester. The feeling in Liverpool at this decision epitomises the general feeling about the Government's attitude towards regional airport development—that if there is a genuine will in the regions to develop international air services and so take the strain off London and the South-East, it should be encouraged, not rebuffed by the arbitrary rejection of licence applications.

Pressures

But the most important regional airport of them all is Manchester. This has been designated in the Government's White Paper as the major international air gateway for the UK outside London and the South-East. At present, the airport handles about 2.9m passengers and some 47,000 aircraft movements a year, but like other major airports is faced with the problem of improvement and expansion to cope with forecast traffic growth.

For some time, Manchester has been wrestling with the question of how to cope with this—either to build a second runway, or to extend the existing runway, or both. The dedecision now taken is to shelve for the time being the plan to build a second runway, and to press on with the strengthening and lengthening of the existing runway. This work will start next spring, and will be undertaken during the summer months at night, so as to ensure that the airport remains fully operational during the day. It will continue into 1980, until completed. On completion, the existing runway will be 10,000 ft long, capable of accepting the biggest and heaviest jet airliners expected to be flying through the 1980s. The second main runway is still regarded as a long-term probability, however, and it is envisaged that, subject to planning and other consents when the time comes, work on it could begin some time in the mid-1980s, so that it could be available for use by the late 1980s or early 1990s, depending entirely upon traffic demand. This second runway would be only about 9,000 ft long, instead of the 10,500 ft envisaged originally.

But various other improvements to the airport are also envisaged in the period immediately ahead, including the provision of airbridges and waiting lounges, the construction of additional aircraft parking stands, together with the possible development of a new cargo terminal, the eventual development of a new passenger terminal, and additional aircraft stands and hangars and other buildings. Dictating these developments will be the growing importance of Manchester to international civil aviation. At present, the catchment area of the airport is the whole of Central and Northern England, including some 25 per cent of the total population. This means that 20m people live within three hours' drive of the airport, and nearly 3m live within Greater Manchester.

In Scotland, airports development has several facets. First, there is the big expansion at places such as Aberdeen and Sumburgh, to meet the demands of the North Sea oil and gas development and production.

Secondly, there are the various "Highland and Island" aerodromes, which have for years been kept open purely as a social service for the small populations in the areas they serve, and which (apart from Sumburgh, which is now virtually in a class apart), are likely to go on being supported in this way, since the expansion anticipated in the years ahead is unlikely to enable them to reach economic self-sufficiency. These are the airports at Benbecula, Inverness, Islay (Port Ellen), Kirkwall, Stornoway, Tiree and Wick. Collectively, these aerodromes (including Sumburgh), handled 99,205 passengers in 1977-78, a rise of 16.9 per cent over the previous year, but of this total, Sumburgh alone accounted for more than 27,000, a rise of 61.2 per cent, while in five of them (Benbecula, Kirkwall, Stornoway, Tiree and Wick) traffic actually declined last year.

Thirdly, there are the three big "Lowlands Airports," of Glasgow, Edinburgh and Prestwick, which have special development problems of their own, partly stemming from the actual and anticipated traffic growth, and partly from internal Scottish pressures for a change in the distribution of traffic between them. Historically, Glasgow and Edinburgh have been short-haul domestic and international airports, with the long-haul scheduled and charter traffic, primarily across the North Atlantic, being handled by Prestwick.

Now, there is pressure for change, with many people living in and around Glasgow and Edinburgh, and especially the latter, anxious to have transatlantic flights to and from their own cities, so as to avoid the long journey to Prestwick. The BAA which owns all three airports, is aware of these pressures, and has already spelled out the options, as it sees them. These are:

1—To maintain the present position, which would be the cheapest, involving expenditure of only about £12.5m at Prestwick to ensure that its facilities can keep pace with traffic growth.

2—To shut Prestwick for transatlantic flying, keeping it open only as an airfield for private flying, and for the Scottish Aviation factory to British Aerospace, transferring all the scheduled and charter transatlantic flights to Glasgow and Edinburgh. This would result in the loss of some 2,500 jobs at Prestwick, but also the expenditure of some £50m at Glasgow and Edinburgh to bring up to the standards of transatlantic airports.

3—To keep Prestwick open for scheduled transatlantic flights, but redistribute its extensive long-haul charter operations to Glasgow and Edinburgh, which would involve spending some £37 in new facilities at the two latter airports.

Opinions

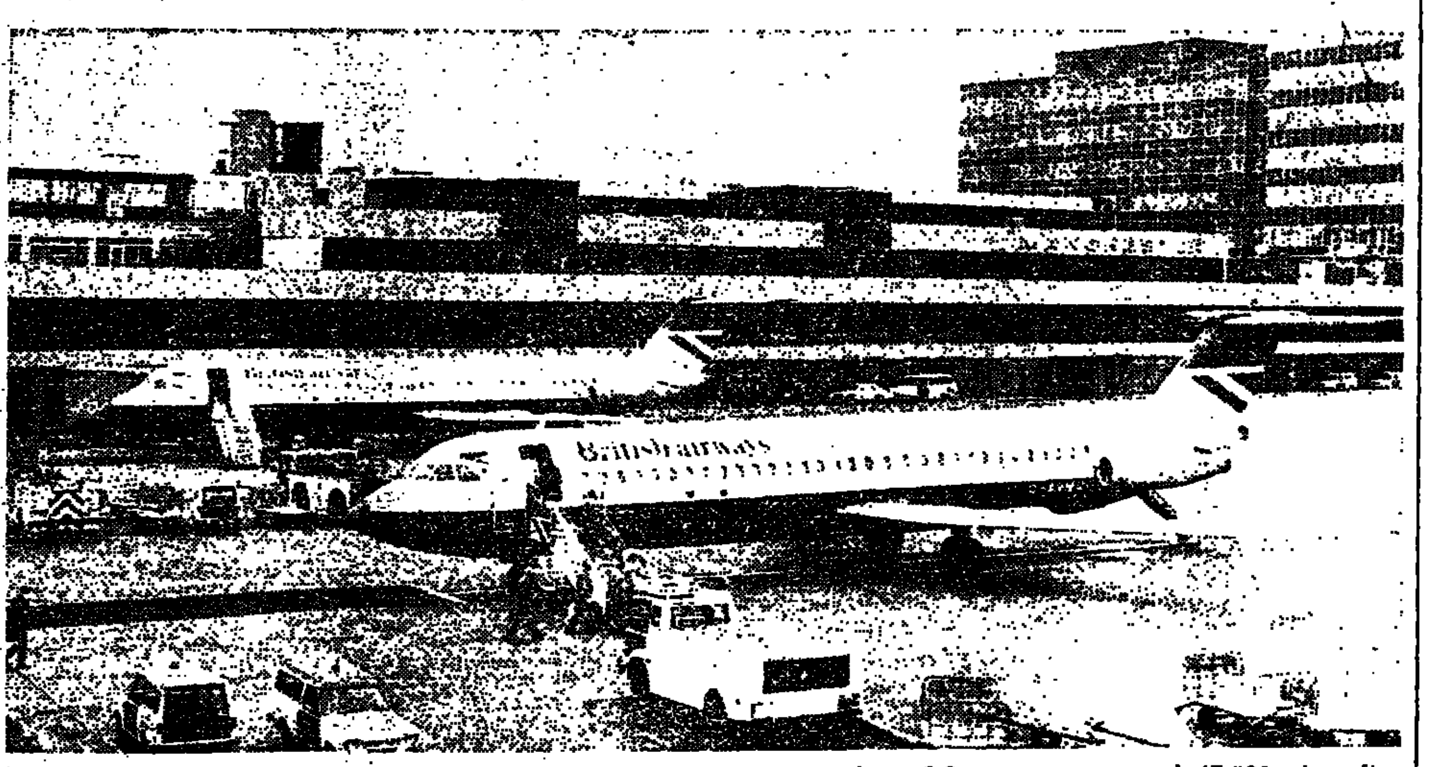
Although the BAA has sought a consensus of opinion on the best of these options, it seems likely that the matter will remain open until the proposed Scottish Assembly, to be created when devolution occurs, has been given an opportunity to consider the issue, as it is bound to want to do. But, here again, the decisions cannot be left too long, for the sheer pressures of traffic growth will require the outlay of substantial sums in the years immediately ahead on new developments, especially at Glasgow Airport, and the precise nature of the traffic distribution between the three airports will need to be settled before such outlays are undertaken.

One of the newest airport developments in the UK has been that at Scatsta, in the Shetland Islands, the most northerly airport in the country. On July 24, this year, the first service took off from the redeveloped airport — an old wartime RAF field — carrying personnel from the growing oil treminal at nearby Sullom Voe. British Petroleum, which is responsible to the oil industry for the development of the Sullom Voe terminal, first put the work in hand around a year ago.

In the ensuing period, under the control of Sir Frederick Snow and Partners, the consulting engineers on the project, a new main runway has been created out of the old wartime RAF field, together with a new terminal building and control tower, fire station, generator room and a workshop buildings for Dan-Air. All the buildings have a low profile to suit the environment, and are capable of swift expansion.

The airfield is primarily used by HS-748 aircraft of Dan-Air serving the Sullom Voe terminal, and it is expected that Scatsta will relieve the load on Sumburgh to the south. It is possible that eventually as Sullom Voe grows, the traffic at Scatsta might increase to equal that of Sumburgh. The weather should help in this, for the records show that Scatsta suffers less from fog than Sumburgh.

M.D.



Manchester, the UK's most important regional airport, handles about 2.9m passengers and 47,000 aircraft movements a year.

More congestion in Europe

IN TERMS of total air traffic, Western Europe is one of the busiest and most *congested air* transport regions of the world, ranking with the North-Eastern corner of the U.S. and the Chicago area. It is *some of the* busiest air routes in the world, such as London-*Paris,* and *in* Heathrow it has the busiest international airport in the world.

Although some U.S. airports outranked Heathrow in 1977 in terms of total passenger traffic handled — such as Chicago O'Hare with 43.4m, Atlanta, Georgia, with 30m, and Los Angeles at 28.4m, compared with Heathrow's 23.4m—this was *solely because of the heavy* volume of purely U.S. domestic *air traffic they handled.*

When measured strictly in terms of international passengers. Heathrow's position is *dominant at 20.6m in 1977, and* it is closely followed by several *other major* European airports. In the "top 10" list of airports handling international traffic in 1977. Kennedy, New York, followed Heathrow. with 10.7m (out of a total of 22.5m), and was succeeded in turn by Frankfurt (9m), Washington Dulles (8.6m), Amsterdam (8.4m), Paris Charles de Gaulle (7.6m), Paris Orly (7.5m), Copenhagen (6.8m), Rome Fiumicino (6.4m) and London Gatwick (5.8m).

Factor

Another important factor to be remembered when comparing European air traffic with that of the U.S., is the relatively high proportion in Europe of "true terminating traffic"—that is, passengers actually starting or ending their journeys at a given airport, rather than "interlining," that is, connecting with other airlines for onward journeys. At Heathrow, 85 per cent of all passengers are "true terminating" passengers, compared with 75 per cent at Kennedy and Paris Charles de Gaulle, 70 per cent at Rome, between 60 and 65 per cent at Frankfurt, Zurich and Copenhagen, and only 50 per cent at Chicago O'Hare and 30 per cent at *Atlanta.*

The point about these *statistics is that they illustrate* clearly the measure of the problem faced by airport authorities in Western Europe—a heavy *volume of high-density* international short-haul terminating traffic, seeking to move at peak hours of the day which are often also the times at which *many* long-haul flights arrive at European destinations. It is in the short-haul field that much of the future air traffic growth is expected to occur, as fares are *steadily reduced.* The pressures on airport capacity are already *acute and are bound to worsen* as the current traffic expansion *rate of about 8 per cent a year* continues into the 1980s.

There is no doubt *that many* of the improvements now being *planned or made to the structures* and facilities of Western *European airports are necessary,* for many of those airports were *first built soon* after World War Two. They have served the development of civil air transport well for 30 years or more, and now have to be brought up to the standards required to cope with a new generation of first-time air passengers in the era of mass air travel that lies ahead.

But there are considerable difficulties. In Western Europe, populations are denser, cities and towns are bigger and closer together, and airports have historically evolved much closer to city-centres than has in many cases subsequently *proved desirable* for environmental reasons of noise and pollution. Often, airports that were originally deliberately *sited well away* from cities have subsequently *become surrounded by the uncontrolled* growth of residential *and industrial areas.*

This has had two main consequences. The first is that the environmental pressures on airport authorities have been much more severe than in other parts of the world (outside North America). It is largely from the *densely-populated urban* areas of Western Europe and North America that the greatest hostility to airports and air transport in *general has been* generated, as a result of which *political constraints have been,* and are still being, imposed on *the siting, sizing and operational* capacities of airports, and *on the noise and pollution emissions* of each new generation of airliners.

These constraints are having a substantial impact upon many airports. Throughout Western Europe, *many of them* are shut at night to jet airliners, rendering *unusable or severely* limiting the use of resources that *have cost in some cases several* hundred millions of pounds to construct. At the *same time,* many millions of pounds are having to be spent additionally on noise-reduction and anti-pollution activities of various kinds, thereby adding to the overall expense of operating the airports.

The second main consequence is that many airports are now physically unable to expand beyond their existing boundaries, so that all the new facilities required to take account of the anticipated expansion in traffic through the 1980s and beyond are having to be contained within existing airport perimeters. This in turn is resulting in developments being concentrated upon *improving and enlarging terminal* buildings, improving access to *and from city centres, and in* the enlargement of aprons and *in the improvement of* landing and ground-movement aids, rather than in the provision *of* additional runways or even of *runway extensions.* It is significant that in the few cases in Western Europe where new airports, or additional runways at existing airports, are either being undertaken or planned, they are all subject to intensive political and environmental debate, placing considerable further constraints upon airport authorities and airlines alike.

A particular example of this is the current situation in the UK, where the need to expand facilities at airports in London and the South-East of England to take account of anticipated traffic growth *in the 1980s* is being delayed by the Government—*initiated Public Planning* Inquiry into the proposed fourth passenger terminal *for* Heathrow, with the possibility that any *further expansion planned* at other airports, such as Gat*wick and Stansted, will also be* subject to similar planning *objections* and *subsequent* public debate.

In view of all these constraints, the airports authorities of Western Europe are constantly seeking ways of improving the operational capabilities of their airports without resorting to expensive new building programmes. With the introduction of night curfews against jet airliner movements, which *can effectively cut as much as* one-third off the 24-hour operational *day at many airports,* more attention is being paid to *inducing airlines to fly more* jets in the middle of the morning and afternoon, avoiding the peak hours. For short-haul air*liners this is* not too severe a problem, especially on those densely used routes where several flights a day can be made *in* each direction, and where turn-round times can be quickened.

Nightmare

But for long-haul operations, where an airliner has to plan a flight through a number of airports several thousands of miles apart, each of which has its own curfew, made more complicated by the inevitable time-zone changes involved in the journey, the problem of scheduling can become almost a nightmare. This is why increasingly long-distance flights are leaving, say, Heathrow, in the middle of the *afternoon, or arriving there* at other inconvenient hours. In the UK, the British Airports Authority has been offering for some time a system of *differential* landing fees, to encourage *airlines to make more use of* the off-peak periods, so as to improve runway *utilisation and* to spread the operational bur*den of air traffic control and* handling more evenly through *the available hours of the* working day.

It is quite clear that as traffic expands in the 1980s, even with *the introduction of* bigger air*liners carrying more passengers per flight, this kind of technique* will have to be used increas*ingly to ease the strain not only* on runways but also on terminal *buildings and other facilities.* It is probable that, if adopted widely *throughout* Western Europe, this technique of *spreading the burden more* evenly throughout the day could *enable airports to cope with a* substantial proportion of the increased traffic without requiring the expenditure of *vast sums* on new terminal and other facilities.

But airport authorities could do much more in other directions to improve the efficiency of their existing facilities, with*out spending* large sums. One measure, for example, could be *to improve passenger flows* through airports—making the *short-haul* journeys that comprise most of Western European *air travel* more like catching a commuter train than preparing *for an expedition into the* wilderness. At present, the comparatively brief flying time of about one hour or so between cities like London and Paris, Brussels or Amsterdam, becomes an experience lasting anything between four to six hours or sometimes even longer, because of the time it takes to check-in and pass through security and other procedures. Airline reporting times for passengers are frequently earlier than they need be, resulting in passengers being kept waiting in gate-lounges when they could be "trickle-loaded" into aircraft.

The experience with the British Airways London-Glasgow Shuttle has *shown that inter-city* travelling times can be reduced substantially, and the introduction of such similar systems on the *short-haul international* routes could not only revolu*tionise airline finances* and aircraft utilisation, but also do much to improve passenger flows *through* airports. At a time when the Government-imposed restraints have already reduced the earning capacity of many airports by at least one-third of every working day, it behoves every airport authority to try to improve the productivity of its airports for the remaining two-thirds. And the simpler and smoother it becomes for the passengers to make an air journey, particularly short-haul, the more passengers will tend to travel, especially if the fares are going to come down substantially.

At present, the complexities involved in travelling through some airports—in getting to them from city centres, and in finding where to go once one has reached them, together with the processing time that any air journey now involves, actually deters many first-time travellers from making the effort to fly at all.

But there is no doubt that while many of the improvements now being planned or made to the structures and facilities of existing Western European airports are necessary, they are going to cost a substantial sum of money. Much of it is likely to come from Governments who recognise the value of air transport to the economies of their countries, but much of it also is likely to be generated by the airports. There is a growing tendency on the part of some

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Worldwide demand for airport development

AS THE MODEST civil engineer from Costain put it: "There's really nothing difficult about airport construction. All you have to do is bring your resources to where they are needed from the nearest possible point and plan well enough ahead for them to arrive at the right time."

In essence, his remarks are correct, although any of the major civil engineering contractors who make up the international league of airport construction specialists will be quick to add that rarely do events work out quite so perfectly.

The construction or additional development of an airport requires huge resources in terms of finance and manpower and some of the largest UK contractors and consulting engineering practices can today provide a service which involves *the complete package, from* preliminary studies and feasibility *reports through design* and construction to advice on *operation and development.*

Their skills can be required to construct a desert airstrip or a new multi-million pound international complex and the successful completion of a job often represents the end of a major civil engineering challenge in which the elements and a lack of local raw materials can represent major problems.

British contractors and consultants have, as in other branches of civil engineering, established for themselves an excellent reputation for high standards and on-schedule completion of airport facilities around the world.

British companies have been involved in many of the major airport developments in recent years, from Hong Kong to Khartoum, Singapore to the Seychelles, the Middle East and South America. The contracts have involved the removing of mountains, the construction of artificial promontories and the need to work in searing temperatures or torrential rain forests.

Construction of an airport complex forms only a part of the overall project. Consultants comprising a team of airport planners, architects, economists, operational specialists and mechanical and electrical engineers are brought in to mastermind complete projects *and undertake* studies on every aspect of their operation, providing *forecasts of aircraft,* passenger *and freight movements, land use master plans,* proposals for additional facilities and regional *planning* studies.

The *airport contractor can* face two fundamental types of problem; the creation of an entirely new complex—invariably involving extensive ground works in difficult conditions—or the expansion and modernisation of existing facilities. Whether the projects involve the reclamation of swampland or the extension of a busy runway, both can create organisational and technical problems of the same magnitude.

From the very beginning of an airport project, the design and construction team is under pressure to perform well and complete on time, for an airport, as much as any other major civil engineering project, is a reflection of the economic strength an aspirations of a country or region. The decision to construct or expand air terminal facilities represents too a major item of economic and social planning and it is inevitable that any such development becomes a matter of prestige for the client.

Difficulties

The sheer logistics of an airport development can be astonishing. Millions of cubic metres of rock may have to be removed or acres of mud replaced with concrete. Invariably, few of the essential raw materials *are located close to site and have to be transported* substantial distances before they can be used. *Rarely can supplies be neatly ordered by telephone and often the contractor* must allocate as much time and *as many resources* to securing suitable materials as to any other aspect of the project.

Communications to site can be poor or non-existent and often the contractor is involved in laying down at least a proportion of the basic infrastructure required to link a new air terminal with surrounding centres.

In the past decade, much of the airport construction business has been centred, naturally enough, on *the Middle East* where new wealth has generated large and growing volumes of passenger and *freight traffic and where regional* political considerations have ranked alongside economic necessity as a reason for several airport terminal developments.

UK contractors and consultants have been to the forefront of this type of work in the region although the volume of business has now begun to decline as major airport complexes are completed and the competition for the work available becomes more intense. Certainly, many of the UK airport specialists are currently handling a *fraction* of the work on their books five years ago.

Major contracts are still coming forward, however, like the project to build a new £1.5bn international complex at Riyadh in Saudi Arabia, or the £110m plan to construct four new airports in the same country for the royal family. The fact that the latter was won by an Australian contractor gives some indication of the strength of current international competition for such work.

While work on new airports in Saudi progresses—complexes equal in size to that at Riyadh are planned for Jeddah and for a new location between Dhahran and Jubail in the eastern province—Saudi is also spending another £1.5bn on improving its existing major international air terminals.

Elsewhere in the Middle East, a new international airport is being built in Iran, south west of Tehran, at a cost of over £500m. The complex was due to open next year but there have been delays.

A new *airport* is also being built in Baghdad to serve Iraq *and modernisation and* expansion works at other air terminals within the *country* are now being carried out. In nearby Kuwait, reconstruction work at the country's major international airport is almost complete and due to open soon.

Duplication of airports is notorious in the United Arab Emirates, which has provided large volumes of aviation associated work for international contractors and design teams, many from the UK. There are now *four major airports* within the Emirates—at Abu Dhabi, Dubai, *Sharjah and Ras al Khaimah.* A new airport is planned for *Abu Dhabi and contracts worth* over £45m have already been let. Yet a further airport *may* be built inland at Al-Ain. A second *international airport is* also likely in Dubai.

A new terminal has recently been completed and opened in Sharjah, work is almost completed on a new complex at Damascus in Syria and new facilities in Jordan near Amman should be open next year.

As with other types of construction, the Gulf has *provided* more than its fair share of airport development work in the past seven or eight years.

For the future, a *growing* percentage of contracts seem likely to involve the tricky task of expansion to existing facilities and competition to secure this type of work is set to become even more intense.

Michael Cassell
Building Correspondent

Fierce competition for new contracts

SELLING THE expertise for designing and managing the construction of international airports is now one of the most competitive and potentially profitable areas of the aerospace industry.

The competition around the world to win the major orders now under consideration is intense, and Britain has been joined by such unlikely countries as the People's Republic of China in attempts to win contracts in the developing nations.

The United Nations technical agency, the International Civil Aviation Organisation, said in a report published earlier this year that world air passenger traffic would grow by 72 per cent during the next decade, to a total of 945m passengers by 1988. While much of this growth would be on a few well-established existing routes, there would also be considerable growth to and from third world nations.

These developing nations will need upgraded airports, new runways, hotels, passenger handling facilities and the many associated electronic aids to handle the largest aircraft likely to be in service in the 1980s.

While some of these countries have the necessary capabilities and the resources to carry out the civil engineering operations needed for a new airport, the planning of the airport, and the analysis of future needs in terms of electronic equipment and passenger facilities, may still fall outside their capabilities. This is the gap which the advanced nations so eagerly seek to fill.

Forecast

Over £10bn is expected to be spent on airport design, development, construction, and equipment and maintenance over the next decade. The European and some Asian and Pacific markets have been largely developed to maturity, while spending in North America is expected to be confined to modifications, expansion and maintenance of existing airfields.

One of the major areas of expenditure on airport construction is likely to be spent in continental Africa. Nigeria seems likely to dominate development in airports on that continent, with projects worth over a quarter of all those envisaged by the United Nations. Zaire has up to 30 projects planned and may account for 14 per cent of world projects. South Africa will have a similar proportion of the total, with seven schemes. North Africa has a further 14 per cent of the forecast projects, with east and west Africa accounting for over a fifth.

A high proportion of the expenditure will go towards the initial design and consultancy services. A number of major organisations in Britain provide the expertise leading to the final definition in terms of size, facilities and passenger throughput, of a new airport. One of the latest consultancy organisations was formed last spring, when the British Airports Authority formed a joint venture with the London-based International Aeradio aviation and communications services group.

The joint company, British Airports International, BAI, was set up to provide airport planning and operational services throughout the world. The company has the expertise to advise on the establishment, equipping, installation, maintenance, and operation of airports, heliports and their associated facilities. It will also plan, design, construct and manage airport systems, equipment and services. Specialised personnel from BAI are available for seconding to developing airport authorities.

The growing success of Government-backed overseas consortia in the field of airport consultancy was the catalyst for the formation of the BAI. Mr. John Mulkern, managing director of the British Airports Authority, said there had previously been a fragmentation of British consultancy effort in the airport sector, which had resulted in work from traditional areas of British influence going overseas.

When the group was formed, Mr. J. Utterson, deputy chairman and managing director of the IAL group, said the new company would attempt to complement rather than compete with the private equipment and consultancy sector. Successes in overseas contracts may lead to British equipment being chosen for a new airport.

The BAI group has won a number of contracts since its formation, including a complete review of the plans to develop a new terminal at Reykjavik Airport, Iceland. Another paper study awarded to BAI came from the Asian Development Bank for proposals for a financial structure for the Civil Aviation Directorate of Nepal. Other contracts include an aviation training programme starting in January for the Government of Jordan, and the group is tendering for a contract to develop a conceptual plan for the new Hong Kong airport. One of the group's largest contracts has come from Baghdad for two projects to modernise and extend the international airport. The final contract value will run into tens of millions of pounds.

In the private sector, the Plessey Group, through its various constituent companies, is able to provide a wide range of airport consultancy, development and equipment manufacturing services. These range from the design and construction of airports, through to the provision of equipment. All types of radars, including meteorological systems and instrument landing systems, are available from the company's factories, but the company is also willing to put out to tender the design and construction work even though this may not initially mean much work for the company's own manufacturing operations.

Consultants

In West Germany one of the country's largest airports is closely linked with an international consultancy service. The Frankfurt/Main AG Airconsult organisation is an independent consultancy organisation, but is part of the Flughafen Frankfurt/Main AG airport company, owned by the Federal Republic of Germany, the State of Hessen and the City of Frankfurt am Main.

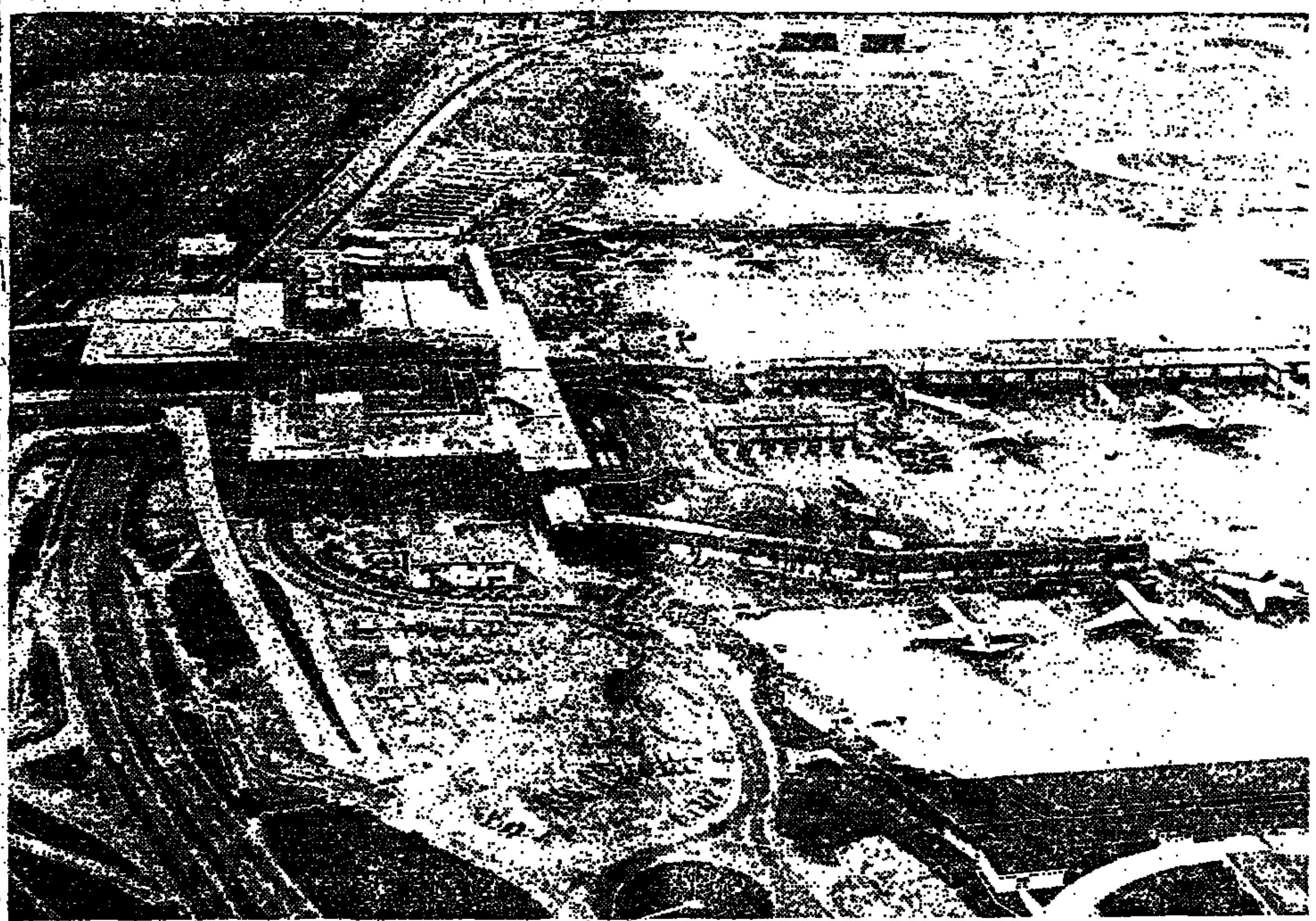
The Airconsult group has worked with the French Aéroport de Paris airport group, and the Greek engineering company ADK, on sites for the new Athens International Airport. The consultants studied almost 20 possible sites for the new airport before selecting the most suitable. The contract is currently one of the largest available in Europe.

The final multi-million pound contracts for airport equipment, including radar, passenger and cargo handling equipment and other vital ground equipment, are likely to go to those countries which played the biggest part in designing the airport.

In this case, West German and French airport equipment manufacturers can be expected to win contracts, with British companies playing a secondary role in supplying equipment.

Although many consultancies have only distant links with manufacturing companies, the importance to national manufacturing industries of success is so great that bidding and background campaigning for international airport contracts almost always now involves extensive day-to-day help from ambassadors, high commissioners and central Government departments.

Lynton McLain



At Gatwick, south of London, a £100m modernisation scheme (with additional sums still being spent) has raised the airport's available capacity to 10m passengers a year—and plans exist to further expand capacity to 25m passengers a year.

Europe

CONTINUED FROM PREVIOUS PAGE

governments, notably the UK, to pass the cost of providing air transport facilities on to the ultimate consumer, the air passenger. As a result, charges can be expected to rise for many of the ground facilities the passenger enjoys, even although the fares that he may pay are being reduced.

In some cases, the increased charges for ground facilities may be consolidated in the fare (in the UK, security charges are now payable by the passenger, and already are incorporated into the ticket price, with the airlines paying over the levies collectively to the British Airports Authority which in turn pays it to the Government). The British Airports Authority, which has been consistently profitable since its creation in 1966, already generates internally all the money it needs to pay for its expansion programmes, and as such is not a charge on the central Exchequer. The BAA's own capital expenditure plans at its seven airports (Heathrow, Gatwick, Stansted, Prestwick, Glasgow, Edinburgh and Aberdeen) are estimated to amount to £243m over the next five years. Of this, the biggest single item of £33m is earmarked for initial work on the proposed fourth passenger terminal at Heathrow, but the rest comprises comparatively small sums for the detailed improvement of various facilities, such as terminal buildings, aprons, roads, cargo areas, and other items.

There is now hardly an airport in Western Europe that has not either already been improved in the past year or so, or is not lined up for improvements of some kind, in preparation for the growth of traffic in the 1980s. Some of the major programmes now envisaged or under way include plans by the Aeroport de Paris to construct another major new passenger terminal at Charles de Gaulle airport, to become operational in the early 1980s, with a big 327-room hotel also planned.

Frankfurt

In West Germany, there has been much discussion on the possibility of redeveloping Frankfurt airport, at a cost of over £40m, involving realigning the two existing runways and constructing a third, but this project appears to be bogged in legal complications. A new airport is under consideration for Munich, to replace the existing Riem Airport, while improved passenger facilities at Stuttgart are being planned. In Geneva, where the airport handled 10 per cent more traffic last year, various improvements in the passenger terminal have just been completed. In Copenhagen, the long debate on whether or not to build a new airport on the island of Saltholm appears to have been shelved, at least for the present, in favour of further development of the existing airport at Kastrup.

Portugal has some major airport plans in hand. Funchal, on Madeira, is to be expanded, while it is also intended to improve and expand the airports in the Azores, a new airport is envisaged for Lisbon on the south bank of the Tagus, and further development of Oporto is planned.

M.D.

Equipment makers in export bid

THE FIRST tentative step towards a British national policy for developing the export potential of airport equipment manufacturers was taken by the National Economic Development Council last month.

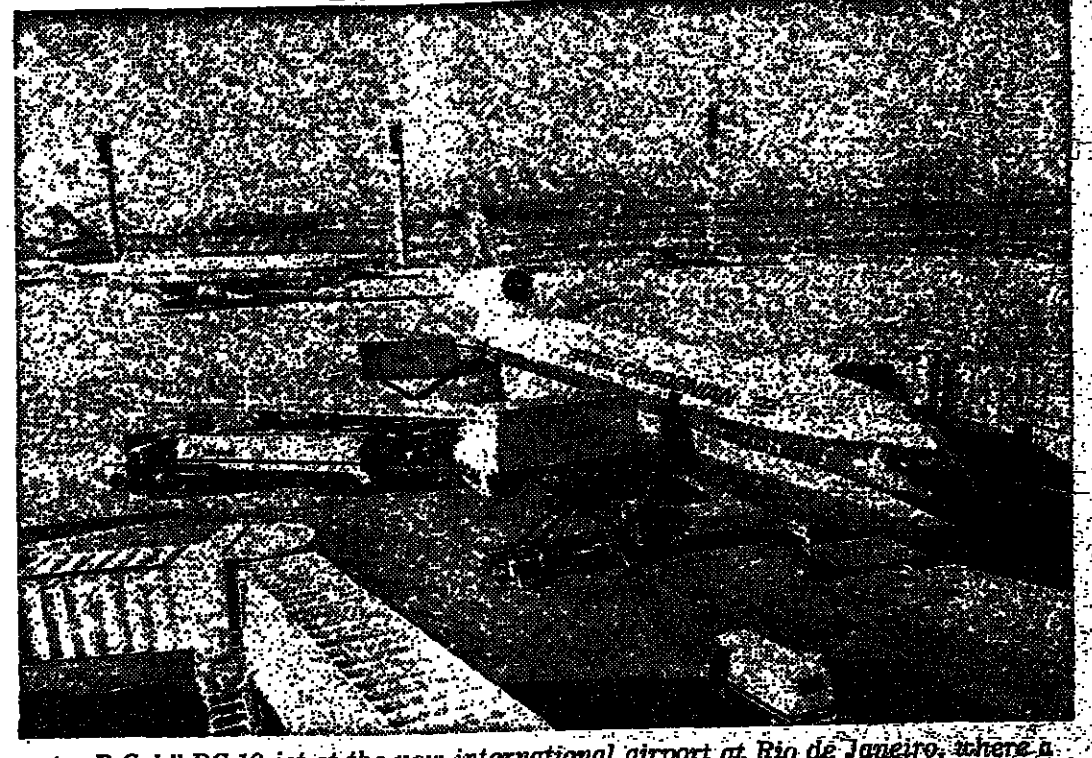
A meeting of manufacturers with airport interests, under the chairmanship of Sir Raymond Brown, was held at NEDO to develop a proposal for a national catalogue of British airport products. Sir Raymond has been studying for some time the scope for closer co-operation between nationalised industries and their suppliers in developing export markets.

His latest work, with Britain's airport equipment suppliers, was prompted by a report on "Design and Export" from the Civil Engineering Economic Development Committee, part of NEDO, which was published in October.

The report outlined the potential importance of overseas airport contracts for Britain's civil engineers, but it was left to Sir Raymond to develop the theme with and on behalf of the equipment suppliers.

The work on the national catalogue is still very much at an early stage, but the broad issues involved have now reached a stage where it must be decided which national body should take the catalogue proposal further.

NEDO may invite the Trade Department to prepare the airport equipment catalogue and further developments may be expected in the New Year.



A "B Cal" DC-10 jet at the new international airport at Rio de Janeiro, where a second runway was opened last month.

Grouping

In the meantime, Britain's airport equipment companies have already taken steps to organise, rationalise and unify their attempts at winning export markets through a central grouping of interested manufacturers.

The potential prize is enormous. There are over 40 major airport development programmes now under way in the world outside Africa, which is accepted as one of the largest and fastest growing markets.

The total world airport development programme for the next decade is estimated to be worth £30bn in civil engineering work and all the associated electrical, mechanical and electronic work for a total of up to 60 airports. Airport equipment accounts for up to a quarter of the total development costs of an international airport.

The British Airport Equipment group was formed in July two years ago to capture a portion of this market by pooling the services and capabilities of a range of suppliers.

The corporate members of the group are deliberately chosen to be complementary, rather than competitive, and Mr. Alan Buckley, chairman of the BAE Group said that there were no overlaps of manufacturing interests, unlike organisations in West Germany and France where more than one representative of a manufacturing sector is represented in similar airport equipment groups.

The BAE group has 11 members, with individual company turnovers ranging from £500,000 to £65m. The total turnover last year was £100m, with most of the business won in overseas markets.

Mr. Buckley said the existence of the group as a central marketing organisation aimed at capturing package contracts from overseas had attracted £2m worth of business, so far, a small proportion of total turnover, but business which would not have been won without the group approach.

Companies which contribute to the range of equipment offered by the group include Albar Engineering of Keighley, which supplies baggage and freight trailers and stairs for aircraft. Briton Handling Systems of Aylesbury operates an overseas maintenance and spares service for aircraft, vehicles and airport mechanical handling systems; Reliance-Mercury of Halifax supplies aircraft tugs and baggage tractors; Sorting Systems of London manufactures passenger and baggage check-in, departure and arrivals handling systems and Weldwork Cargo Systems of Hounslow makes static cargo systems, mobile equipment, container dollies, pallet trailers, slave pallets, contour gauges, mobile weighing equipment and lifts.

Terminal Apron Planning Associated of Wargrave, Berkshire, provides the group with its main consultancy work in airport and ground support equipment planning.

The group has so far concentrated on the markets of the developing nations, where much of the work involves upgrading airport hardware to cope with larger aircraft. The greatest successes have come from the Commonwealth, where there are traditional commercial ties. In Europe and the U.S., competition is fierce and British equipment-makers have tended to opt for markets where success is more assured.

There are exceptions, however, and Reliance-Mercury has won trial orders for four baggage tractors for use by TWA, Pan Am and North Central Airlines in the U.S.

But mechanical handling equipment, one of the BAE's main areas of interest, is only a part of the catalogue of advanced hardware needed for new airports.

The International Civil Aviation Organisation has produced a document on the civil aviation market in the next decade. It lists 10 categories where there is a potential for sales.

Apart from aircraft, their maintenance and fuel requirements, the main sectors are airport construction, air traffic control systems, ground handling systems, training programmes, and general aviation requirements covering light passenger aircraft. The handling systems are expected to be worth £2.4bn over the next decade.

The value of air traffic control systems likely to be needed by 1988 is estimated by ICAO to be over £5.5bn, not far short of the estimated £6.3bn likely to be spent on civil engineering work for new airports in the same period.

The figure for air traffic control equipment includes only a third of the estimated £1.5bn *forecast for* full implementation of the new microwave landing systems, to a U.S. design, over the period.

The main reason for the shortfall is that many airports will continue to rely on existing equipment, including instrument landing systems well beyond 1988.

Suppliers

One of Britain's traditional suppliers in the airport communications field is Cable and Wireless. The company formed a specialised Airport Services Division in 1971 and has been successful in a range of overseas contracts, including an order for equipment to expand the computerised aircraft *departure control* system at Hong Kong's Kai Tak international airport. The contract was placed with the company in partnership with Cathay Pacific Airways, and involved the LOPAC load optimisation and passenger acceptance control system.

The equipment is designed to speed up passenger and cargo handling and to ensure that the aircraft are correctly balanced and load limits not exceeded.

Radar links, using microwaves or co-axial cables, radio navigation aids, public address systems and closed circuit television systems are also supplied by British airport equipment companies, such as Cable and Wireless. The company launched a new speech processing and control system, the Minispace, for handling up to five radio channels and five telephone lines simultaneously.

Other equipment vital for international airports includes X-ray security inspection systems. Pantak (EMI) is one of the growing band of companies entering this field. The company was set up to develop the market for radiographic inspection equipment and prototype systems for luggage and cargo inspection were tested by the Defence Ministry five years ago. The first exports of the Pantak equipment for airports were sold to China in 1974.

Since then the company has worked with International Aeradio, another major British airport equipment supplier and consultant, on the application of X-ray technology to conveyor systems.

The move is typical of others in industry associated with the growing automation and accelartion of all aspects of airport development. Increased throughput will become an essential part of airport development, as airlines step-up re-equipment programmes involving over 2,700 new aircraft over the next decade. Almost three-quarters of these aircraft will be used to provide extra capacity to meet growth into the 1980s. Their existence will provide further prosperity, and competition, for Britain's equipment companies.

Lynton McLain

ECONOMIC VIEWPOINT

Newspeak: a Christmas report

WHAT WOULD George Orwell think of the world with just over five years to go to 1984? On many subjects we can only guess. But on one we are on solid ground. In the appendix to his book he outlined the principles of Newspeak, "the official language which had been devised to meet the needs of Ingsoc, or English Socialism." In our progress towards Newspeak, he would surely have said that we were well ahead of schedule.

People who read "1984" some time ago often forget that Orwell did not expect Newspeak "to have finally superseded Oldspeak (or Standard English, as we should call it) until about the year 2050." He himself wrote: "In the year 1984 there was not as yet anyone who used Newspeak as his sole means of communication, either in speech or in writing." He sadly underestimated the pace of events.

But if we are to understand what has happened, we must go back a bit. For the language of Ingsoc had a conservative predecessor, outlined in a guide for the young academic politician first published in 1908. Entitled *Microcosmographia Academica*, it was written by F. M. Cornford as a warning to the young idealist to mend his ways. If "1984" is a primer on Ingsoc, *Microcosmographia Academica* (recently reissued by Bowes and Bowes) can be regarded as a primer on "Ingcon." Cornford explains patiently to his reader:

"You think (do you not?) that you have only to state a reasonable case, and people must listen to reason and act upon it at once. It is just this conviction that makes you so unpleasant. There is little hope of dissuading you; but has it occurred to you that nothing is ever done until every one is convinced that it ought to be done, and has been convinced for so long that it is now time to do something else? And are you not aware that conviction has never yet been produced by *an appeal to reason, which only* makes people uncomfortable? If you want to move them, you must address your arguments to prejudice and the political motive."

The rest of Cornford's book furnishes the reader with arguments for doing nothing—and thereby being on the winning side.

To persuade others to do nothing, some rhetorical devices are handy. One example is the *principle of the dangerous precedent*. "Every public action which is not customary either is wrong, or if it is right is a dangerous precedent. It follows that nothing should ever be done for the first time." This should be enough to stifle a proposal; but if necessary the *fair trial argument* can be *introduced*. "Give the present system a fair trial." If pressed further one can always appeal to the *principle of unripe time*—"the time is not ripe" for any apparently sensible change.

But even if reform has to be considered, the *battle is far from* lost. The Ingcon statesman can take a leaf out of the radical book and say: "The present *measure* will block the way for a more sweeping reform." Or he can use the opposite objection and say: "If we grant this, it will be impossible to stop short of *something* more sweeping." Taken together these alternative arguments are known as *the wedge*, driven into your opponent's case. The point is that either way you win.

After all this formidable armoury it is hardly necessary for Cornford to explain the use of "it is far better that all reform should come from within," or the moving of an *alternative proposal*, let alone *prevarication*, calling your opponents' schemes "wildcat" or "talking slowly and indistinctly, at a little distance from the point." But if all else fails *there is squaring*, best carried on at lunch.

The author of *Microcosmographia Academica* had his tongue in his cheek, simply wanting the young rebel "to acquire just enough worldly wisdom to save other people's toes." But his handbook was at once seized upon with delight by the devotees of Ingcon who were introduced to it. Indeed, a former chairman of the Bow Group, told me that Cornford's little volume had been his only handbook in the conduct of meetings, and it had never let him down.

A 'non-person'

It is here that the parallel with Orwell's Newspeak lies. *Both were meant as warnings.* Both have actually been seized upon quite without irony as a practical guide to action. The difference is that the academic politics of Cornford required merely a stretching of the English language, while Orwell's system required a new vocabulary.

But if you think I am exaggerating, when I say that the words and thoughts of Newspeak are nowadays accepted gleefully, read the words of Mr. Leslie Moody, the general secretary of the Civil Service Union about Professor David Donnison, the chairman of the Supplementary Benefits Commission, who he said has become "a fully registered non-person, grade one." His crime was to suggest an investigation of charges of brutality in a reception centre for the homeless, thereby offending simultaneously Ingsoc and Ingcon.

Many people who talk loosely about Newspeak have not grasped its basic principle set out very very clearly on p.241 of the Penguin edition of "1984": to make all modes of thought (other than Ingsoc) impossible. Once Newspeak has entirely replaced Oldspeak a heretical thought would be "literally unthinkable, at least so far as thought is depicted in words."

For this purpose the reduction of vocabulary is a main step. There are three vocabularies in Newspeak, the A one for everyday life, the B one of words deliberately constructed *for political purposes and C one* of technical and scientific words. The C list does not appear very novel; the main thing is that it was split so that a scientific worker in one field would know very little of the words in another. "There was no vocabulary expressing the function of science as a habit of mind, or a method of thought, irrespective of its particular branches."

One big change in the B list of everyday words was the complete interchangeability of any part of speech. But even Orwell did not guess that fairly low level U.S. political aides would by the 1970s be talking of the need "to tough it out." British journalists have been following Orwell more slavishly. Long before 1984, let alone 2050, headline writers had abolished the word "cut" in favour of "knife," were forming adjectives by adding "full" to noun-verbs, and adverbs by adding "wise," exactly as recommended.

Orwell quotes on page 34 the following internal departmental messages, not completely in Newspeak, but containing Newspeak words.

"17.3.84 bb speech malreported africa rectify
19.12.83 forecasts 3 yp 4th quarter 83 misprints verify current issue
14.2.84 miniplenty malquoted chocolate rectify."

But such messages are appearing on Financial Times teleprinters the whole time—five years ahead of schedule.

Of course the pride of Newspeak was the B. political, vocabulary. The words in it were all compound ones such as "crime think" or "thoughtpol" (thought police). One had to have a good grounding in Ingsoc to appreciate a word such as "oldthink" and the ranges of words cancelled by its existence. Put simply, "oldthink" cancelled all thoughts connected with objectivity and rationality, while "crimethink" cancelled everything to do with liberty and equality. The only way of translating the Declaration of Independence into Newspeak was by the one word "crimethink."

The most advanced student of Newspeak in Parliament is Mr. Roy Hattersley, who takes to it as a duck to water. He will have no truck with talk of sanctions and blacklists. When pressed in debate by Labour rebels to say what he called these weapons, his first attempt was "discretionary action," but the real Newspeak words, as he soon realised, were "help for the lower paid" and "counter-inflation." Orwell warned that we are still at an early stage where Newspeak may need more words than Oldspeak. Mr. Hattersley illustrated this. When asked by Mr. Norman Atkinson when he would support a return to collective bargaining. Instead of the Oldspeak "never," he had to resort to:

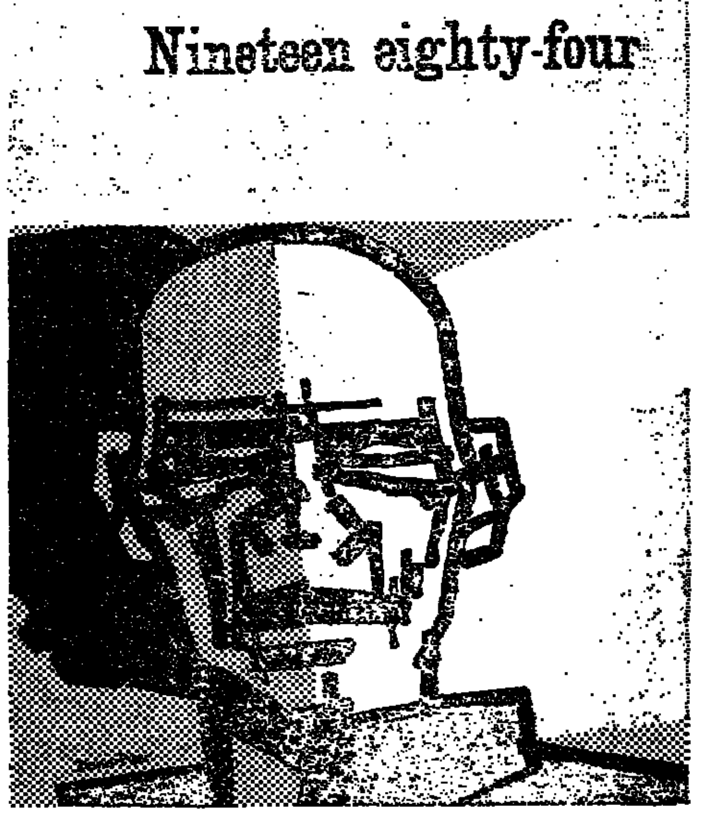
"The orderly return to free collective bargaining of course remains our aspiration and remains the policy of the TUC, but I think that my Hon. Friend will agree with me that even the TUC believes that the return to free collective bargaining needs to be qualified. It is because he believes that, I suspect, that he raised this point during the passage of my speech on the lowest paid."

Not yet real Newspeak, but well on the way.

There are some political leaders who are full of the spirit of Newspeak, but cannot quite manage the vocabulary. A good instance is Mr. James Callaghan who has a special affection for *doublethink*, which is "The power of holding two contradictory beliefs in one's mind simultaneously and accepting both of them" — for instance that increased productivity and artificial job creation are Good Things. (In the Civil Service private edition of "1984", there is an indexed cross reference from Industrial Strategy to doublethink.)

Mr. Callaghan's trouble is that he makes Ingsoc sound like Ingcon. Sir Harold Wilson had a better feeling for the abbreviated words required. He would certainly have renamed the War Ministry *Minipax*, if the Conservatives had not previously merged it into a "Ministry of Defence." But he did invent *Mintech* which is not even in "1984."

But these are the exceptions. The pioneers of Newspeak are officials, academics and professionals. Who outside Whitehall could have invented the word "counterinflation" as a title for policies which do not mention money in any shape or form? Indeed the word has all the right Orwellian characteristics: the compound word, the ambiguity about whether "counter" is a verb or preposition and above all the ability to commit all to the desired objective — pay controls — without explicitly mentioning them, yet implicitly denying all possibility of their not being there (for example, "What are the Honourable Lady's Counter-inflation proposals?").



The dust-jacket of Secker & Warburg's 1966 edition of "1984."

Economists have invented a few mottos breathing the spirit of Newspeak. For instance: never admit you don't know, but talk of "long and variable lags." If your theory turns out to be hopeless when tested, simply talk of "serious problems of serial correlation." But if you want to boast of your ability to fiddle the forecasts you need only talk of the different ways of "dealing with the problem of residuals." And if anyone tries to answer back, you need only threaten that you might call him a "sociologist" to bring him quickly to heel.

By comparison most Parliamentary debates seem bogged down in Oldspeak tactics, such as excessive generality, not understanding your own case, missing the point and evasion. Frankly I doubt if Sir Geoffrey Howe will ever be really fluent in Newspeak. For instance when Mr. Emlyn Hooson asked him what he would advise the Government to do if collective bargaining turned out not to be "responsible," he replied first: "What the present Government set out to do in 1977," and when asked again said, "It will be a long and painful road to travel." This is just Oxford Union debating and not the Newspeak required to prevent the question from even arising.

Perhaps the best defence against Newspeak is just to believe the opposite of what you are told. This is the motto of the brokers Simon and Coates who found that 65 per cent of professional investors in a sample expected the next 50-point move by the FT Industrial Ordinary Average to be downwards. They interpreted this as a bull signal, on the grounds that the crowd is usually wrong. Which is as good a note as any on which to wish you all a Happy Christmas.

Samuel Brittan

Letters to the Editor

Gloomy Moscow outlook

From Elizabeth Young

Sir,—Anthony Robinson's report (December 6), "Soviet planners cross their fingers and hope for growth," refers to Mr. Brezhnev's speech to the plenary session of the CPSU central committee on November 27, and indeed quotes some of the things he said. But Mr. Robinson leaves out some of the gloomier of Mr. Brezhnev's remarks.

When Mr. Brezhnev says that "we have not yet succeeded in stopping the process of dissipating capital investment on too many projects," he then went on, "the volume of uncompleted construction is growing; and uninstalled equipment worth several thousand million roubles lies uselessly in warehouses." He referred to "the losses of grain, potatoes, vegetables and fruit," to the fact that "many farmers do not yet have pig breeding and dairy farms, and that their number is, unfortunately, on the increase." He said that none of the new plants envisaged in the programme adopted in 1973, "in anticipation of the smaller growth of manpower resources in the 1980s, for creating a machine-building base for the purpose of greatly reducing manual labour" has yet been put into operation. "How," he asks, "are we to explain the fact that we have been unable for a long time to eliminate the bottlenecks that prevent us advancing faster, more dynamically?" He goes on: "There is an increasingly keen awareness of the need for a deep and comprehensive analysis of the main problems of the development of the national economy."

I have been reading the verbatim reports of Soviet speeches in the BBC's summary of world broadcasts for many years, but this is certainly the most despairing and unvarnished of all those on economic matters that I have ever read coming from the topmost brass.

Mr. Brezhnev also said in the same speech that "the country's defence capabilities are being maintained at the proper level." Must we not suppose that the bulk of Soviet management and technological talent is going into defence? And if so, does this not have implications for Western arms control policy, as well as for Western economic policy towards the Soviet Union?

One of the great disappointments of Mr. Carter's first months came when his Administration lost its collective nerve over the arms control and disarmament proposals Mr. Vance took to Moscow in March 1977 (and which indeed Mr. Carter himself had repeated at the United Nations General Assembly in October of that year). Both the United States and the Soviet Union need, for economic reasons, to reduce their government spending, particularly on such unproductive expenditures as weapons which the other side will take care to more than match. It is clear that SALT II is going to be the occasion rather for expanding armaments in fields not covered by the agreement than for reductions in those covered. Arms control by bits and pieces, which we have been having for the last decade and a half, has been—has it not?—a total failure. Is there any point in Mr. Carter and Mr. Brezhnev meeting to sign anything as insignificant as a SALT II agreement? Can they not take the opportunity of their meeting to announce that they will each meet again in six months' time to announce "deep cuts, even (to quote Mr. Carter) to 50 per cent" in their arms budgets, procurements, and deployments, taking note particularly of which of their forces and weapons most alarm the rest of the world? There are statements by each of them to the effect that they would be willing to do this.

Is it not time that these statements, which uncoordinated lead nowhere, were dovetailed into effective policy and brought before the world community?

Elizabeth Young.
100, Bayswater Road, W2.

Constitution of UNIP

From the Secretary General UNIP

Sir,—In your editorial of December 19, you said concerning the recent Presidental elections in Zambia that "the Party (UNIP) rushed through amendments to its constitution" which *prevented* certain candidates from challenging President Kenneth Kaunda. I have had occasion to correct this deliberate misconception which appeared in *The Economist* last September.

May I repeat (if for records purposes only) that the amendments were proposed before anyone indicated that *they would challenge President* Kaunda for leadership of the Party.

The Party's mistake (if it was a mistake) was that it did not withdraw the amendments after Presidential aspirants came on the scene. President Kaunda was for withdrawing the amendments to give opponents all chance but the majority of the Party members felt that it was wrong to give special treatment to opponents of a good leader and to go to the extent of withdrawing amendments to suit them. The rest of the UNIP members knew President Kaunda would win with or without amendments but they felt that provisions in the constitution should be introduced *without regard to the ambitions* of particular individuals.

I resent the frequent reports that UNIP rushed amendments to prevent Kaunda from being opposed. The fantastic election results in his favour have shown that the party did not need to resort to political manoeuvring to keep Kaunda in his seat.

M. Mainza Chona.
UNIP Building,
Lusaka, Zambia.

Transport grants

From Mr. T. Travers

Sir, — Central government's desire to take over local authority transport powers was exposed in the Financial Times of December 16. Authorities which do not do what Mr. Rodgers wants are to have their transport supplementary grant cut.

Needless to say, a delightfully contradictory pattern of pressurising local authorities has been evolved. Oxfordshire, for example, which is spending less than Mr. Rodgers would like on bus subsidies, is to be punished. On the other hand, South Yorkshire is to suffer for failing to put bus fares up. The authorities' common fate will be a virtual halt to Government support for road building.

The Government's transport policy looks even less convincing when set in the context of the main resource distributor from central to local government, the needs element of the rate support grant. This has consistently reduced the proportion of total resources available to rural areas since 1974. Oxfordshire will receive only *20.296 per cent more needs* element in 1979-80 than in 1974-1975 — a major reduction in real terms. Most other authorities have done very much better.

To insist on a particular use of comparatively small amounts of money — in 1979-80 TSG was 3.6 per cent of total RSG—while rapidly reducing the real value of the authority's RSG allocation is a clear example of the Government's desire for central control instead of responsive local administration.

Tony Travers,
North East London Polytechnic,
Holbrook Road, E.15

Educational exports

From the Chairman, Industrial Council for Educational Training and Technology (ICETT)

Sir,—We in ICETT have read with interest Mr. John Lloyd's report (November 29) of the *statements made by Lord* Winterbottom and Mr. E. T. Bell, my predecessor as chairman, at the annual ICETT luncheon. The report made reference to Lord Winterbottom's plan for the establishment of a British Educational Export Council and the reservations expressed by ICETT. I would seek the courtesy of further space in your columns to express the ICETT point of view.

ICETT fully supports the idea of closer collaboration between the public sector and the private sector in the promotion of exports and the development of closer ties between the various interested parties.

As Mr. Bell indicated, ICETT has serious reservations about the establishment of the proposed British Educational Export Council if there is any risk of such a council duplicating the activities of organisations such as ICETT, which are already very active in the export field. As yet there is no clear indication as to the aims and organisation of the proposed new council or—*perhaps most* important of all—how it is to be financed. From various meetings attended by ICETT representatives, however, including myself, we have the impression that it is intended to establish a council with a secretariat and a permanent staff, including a director, possibly a deputy director and appropriate secretarial assistance. ICETT is opposed to such a plan, believing that the funds involved could be put to better use by supporting the promotional efforts of existing bodies active in the export field.

We would also recommend the establishment in London of a permanent resource centre, designed to display to overseas visitors the skill, knowledge and experience available in Britain in the field of education—especially technical education—along with the related equipment, teaching systems and audio visual aids.

On the other hand, ICETT would welcome the establishment of a council or committee designed to co-ordinate the activities of all concerned with exporting British technology in education and training. Under the chairmanship of someone so distinguished as Lord Winterbottom, the council could meet, say, four times a year to promote new ideas and encourage collaboration between the parties concerned—*for example, to* promote the concept of "UK Limited" for major tenders overseas—and equally important to represent the interests of the industry at Government level. The existing trade advisory groups of the BOTB might, with suitable modifications, be used as a model, except that the orientation would be towards a *specific industry* rather than a *geographical area*. The main idea would be to harness and co-ordinate the efforts of the public and private sectors.

We look forward to having further discussions on the subject.

K. M. M. Ross,
ICETT,
Leicester House,
8, Leicester Street, WC2.

Profit sharing schemes

From Mr. R. Cockman

Sir,—I was interested to read Mr. Wallace Bell's letter (December 15) regarding some of the short comings of the legislation dealing with approved profit sharing schemes.

While I agree totally with Mr. Wallace Bell that the amendments he suggests in his letter would improve the legislation I think it would be wrong to assume that the non-introduction of such amendments in any way should act as a barrier to the establishment of schemes of this nature.

There are far more fundamental aspects which have to be decided upon by a Board of directors when they are deciding whether or not to introduce a scheme of this nature such as whether it can *be an important aspect of em*ployee financial participation or as a means of enabling employees to identify with their company's fortunes in the future. If the decision is a positive one then relatively minor administrative details are likely to be considered no more than mechanistic problems which most successful companies are able to cope with admirably. The personnel and secretariat functions operated by companies which are likely to be attracted by these schemes are I am sure fully capable of coping with the problems that may arise as they have already proved in recent years with regard to pensions legislation.

Thus while I repeat the changes Mr. Bell suggests would be *sensible and attractive I do* not feel they will form anything more than a side issue when a company which is seriously considering whether or not to introduce such a scheme takes its decision.

Richard Cockman,
Cockman Copeman and Partners,
178, Temple Chambers,
Temple Avenue, EC4.

Today's Events

GENERAL

U.S. Secretary of State, Mr. Cyrus Vance, meets Mr. Andrei Gromyko, USSR Foreign Minister, in Geneva for two days of talks on the Strategic Arms Limitation Treaty (SALT).

EEC Energy Council meets in Brussels.

Meeting in Brussels between EEC and the African, Caribbean and Pacific group of countries (ACP) to renegotiate the Lome Treaty.

British Airways and three Scandinavian airlines meeting in Stockholm discuss routes and price structure agreement expiring at end of year.

National Union of Agricultural and Allied Workers resume talks on 100 per cent pay claim at Ministry of Agriculture.

OECD 1978 world economy report published in Paris.

New Zealand bank officers threaten strike over pay.

U.S. Department of Agriculture report on estimated 1979 wheat production.

Princess Anne attends carol concert by Goldsmiths' Choral Union at Royal Albert Hall in aid of Save the Children Fund.

OFFICIAL STATISTICS

Department of Industry releases figures on car and commercial vehicle production (November, final); capital expenditure by the manufacturing, distributive and service industries (third quarter, revised); manufacturers' and distributors' stocks (third quarter, revised). Bricks and cement production figures from the Department of the Environment.

COMPANY RESULTS

Final dividends: Charterhouse Group, Homfray. **Interim dividends:** Batley's of Yorkshire, Lindustries, R. Paterson and Sons, Trustees Corporation, Unigate.

COMPANY MEETINGS

See Company News on page 25.

BOC finishes at £66.5m after £4.1m fall in final quarter

A DECLINE in final quarter pre-tax profits of **BOC International** from £21.8m to £17.7m left the full year figure to September 30, 1978 lower at £66.5m, compared with the previous year's peak £82.2m. Sales advanced from £0.67bn to £1.2bn.

The directors explain that profits were depressed by the poor results of Airco's ferro alloys business the continuation of production problems in Medishield, and a costly strike in the group's UK gases division in October, 1977.

During the year sterling strengthened against those currencies important to the group, particularly against the U.S. dollar, and the directors say pre-tax profits would have been some £5m higher if exchange rates ruling at September 30, 1977 had still applied at the 1978 year-end.

The 1977-78 figures include a full 100 per cent contribution from Airco, as a subsidiary, whereas, in the previous year as an associate, group results include 34 per cent of Airco pre-tax profit.

	1977-78 £m	1976-77 £m
Sales	1,196.1	670.6
Operating costs	1,019.5	650.1
Depreciation	64.4	35.7
Share of assocs. profit	3.6	23.0
Profit	115.8	101.8
Airco adjustment	18.4	—
Interest paid	30.9	19.6
Profit before tax	66.5	82.2
Tax	30.8	35.1
Net profit	35.7	47.1
To minorities	8.5	7.7
Extraord. losses	2.9	0.2
Available	24.3	39.2
Pref. dividends	0.1	0.1
Ord. dividends	11.2	9.2
Retained	13.0	29.9

Share of associates' profits amounted to £3.6m compared with £23m, and there was an Airco adjustment of £18.4m this time, which eliminates that part of Airco's trading profit attributable to minority holders in the period before Airco became a subsidiary.

Profits, before the Airco adjustment, and higher interest of £30.9m (£19.6m), rose from £101.8m to £115.8m. A geographical analysis shows—Europe, £26m (£39.5m); Africa, £15.5m (£16.7m); Americas £49.1m (£19.9m); Asia, £4.1m (£4.9m); Pacific £21.1m (£20.8m). Of the Americas profit, £47.8m relates to Airco.

Freddie Mansfield

SIR LESLIE SMITH, chairman of BOC International seen with a background of Airco's largest industrial gases plant at Bethlehem, Pennsylvania.

Stated earnings per 25p share are lower at 9.4p (14.49p) on a nil distribution basis, and at 8.45p (14.49p) on a net basis. A final dividend of 1.85075p lifts the total net payment from 3.135p to 3.50075p.

Depreciation charged for the period amounted to £64.4m (£35.7m). The group's policy includes revaluing assets on to a replacement cost basis and charging depreciation on the revalued amounts.

The practice has been extended progressively to cover further classes of assets (including those of Airco) so that most of the group's assets are now shown in the balance sheet on a revalued basis.

The depreciation arising from the revaluation of further classes of assets during 1977-78 (including those of Airco revalued at the date it became a subsidiary) was £5.9m.

See Lex

C. H. Pearce set to sustain performance

Present management accounts at **C. H. Pearce and Sons**, builder, contractor, etc., point to full time profit for the current year at least equal to that seen in 1977/78 when the pre-tax surplus was a record £0.81m.

Mr. Gordon Pearce, the chairman, reporting this at the annual meeting, said that he feared the coming year would not be a prosperous one for the construction industry generally as, in order to prevent inflation, the Government would reduce public spending by cutting expenditure in the building industry.

The group had now received full planning permission for a very much more appropriate development which the directors believed, in turn, would be more profitable than the one originally approved, he stated.

Industrial developments at Weston-super-Mare, Evesham, Portishead and some sites in Bristol had now been completed by the company. In addition construction work was proceeding on developments at three sites in Bristol, one at Cardiff, Nailsea and Avonmouth and sites at Thornbury.

All the Bristol-based subsidiary companies were now based at Stoke Gifford and the properties previously owned by the group had all been sold, he added.

Revenue rise forecast by Equity Consort

AFTER holding pre-tax revenue at £220,845, against £226,985, in the six months to October 31, 1978, **Equity Consort Investment Trust** is forecasting that total revenue will be greater than last year.

On this basis the Board anticipates being able to recommend an increase in the level of distribution. At the halfway stage the dividend is lifted from 1.98p to 2.01p—the total last year was 6.8375p net.

Pre-tax revenue for the whole of last year stood at £435,000 on gross revenue of £482,000.

Tax for the half year is £78,098 (£81,547) leaving net revenue down from £145,438 to £142,747. Net asset value per £1 share is 189p (178p).

Petbow £315,000 lower—unpromising outlook

A FALL of £315,000 to £1,127,000 in taxable profit it reported by **Petbow Holdings**, maker of generator and welding sets, for the six months to the end of September 1978. The anticipated sales growth did not materialise and turnover was maintained at £9.97m, against £10.01m, with export content dipping £0.49m to £8.04m.

The lack of sales growth was caused by unexpected cancellations and a decline in orders received resulting from the sudden and marked deterioration in several overseas markets. This reversal, which occurred without warning towards the end of the half year, had an immediate effect on shipments and will have a significant effect on sales for the second half Mr. J. Bird, the chairman, states.

The second half has not begun well, although October is traditionally a poor month and November bore all the cost of the redundancy programme. The uncertain state of the market makes forecasting extremely difficult, but in the absence of any marked change in external circumstances indications are that the results for the second half will show no more than a modest profit he warns.

For 1977-78 the surplus was ahead from £2.79m to a best ever £3.14m

The net interim dividend is effectively held at 1.5p per 10p share and, in the absence of unforeseen circumstances the directors expect to pay a final at the same level as last year's adjusted 2.8065p. There is also an additional payment of 0.042675p following the change in the rate of ACT.

Nigeria has been the group's largest overseas market for a number of years, but its economic problems have sharply intensified in recent months and remittances of foreign currency have become increasingly difficult. This has resulted in distributors in Nigeria having to call a temporary halt in the shipment of goods to that country

Iraq, an excellent market for a number of years, has recently imposed a boycott on British goods which has already resulted in the loss of a substantial order.

As soon as the effects of the reduced order level were quantified, it was decided that the rate of production should be reduced and this resulted in the redundancy programme announced in October. The directors are confident that the steps taken will not impair the group's ability to grow when market conditions improve.

	Half-year 1978 £000	1977 £000
Turnover	9,965	10,012
Profit before tax	1,127	1,442
Tax	243	414
Net profit	884	1,028
Extraord. debit	—	41
Pref. dividend	25	—
Attributable	859	987

● comment

A 2p rise in Petbow's share price to 82p in the face of a very pessimistic statement from the company's chairman is a little surprising. Either the market was not aware of the comments before trading closed yesterday or it had already marked the shares down in anticipation. It was given some warning that that there were problems in October when substantial redundancies were announced. Petbow's problem is that although it ships to around 60 countries, three of its major markets, Nigeria, Iran and Iraq are, for differing reasons, closed to it. Equipment that would normally have been shipped is going into stocks and it takes time to re-direct sales efforts to other markets. It takes even longer to build up new markets to a size where they can replace those now closed. The problem is that in all three cases the closure period is indeterminate. So the impact on production, sales and profits in the immediate and medium term is difficult to accurately assess. Second half profits will be "modest" but dividend, adjusted for the share issue will be maintained. The prospective yield is 8 per cent.

INDEX TO COMPANY HIGHLIGHTS

Edbro ahead to £1.6m midway warns of second-half slowdown

WITH PRE-TAX profits up from £1.31m to £1.59m in the six months to September 30, 1978 Mr. L. V. D. Tindale, chairman of **Edbro (Holdings)** says the outlook for the second half has deteriorated somewhat. But he expects pre-tax profits for the whole year to be similar to last year's £3.65m.

Mr. Tindale says that turnover—up from £12m to £16.47m in the first half—is increasing satisfactorily but margins are under severe pressure particularly in dollar related territories.

He adds that there has also been a delay on commissioning the new factory in Eire. Costs of moving the warehouse operation to the new premises at Wythenshawe and other consequential manufacturing changes will fall in this period.

The interim dividend is raised from 2.03p net to 2.27p. The total for last year was 6.31p. Stated earnings per 25p share are 19.2p (15.99p) before tax and 12.08p (11.69p) after tax. The earnings have been calculated on the 8,300,696 shares in issue, against 8,205,635 on September 30, 1977.

The results for the 1977 first-half have been adjusted to include those of Edbro (Scotland) and Longton Machinery Supplies.

Activities of the group include the manufacture and sale of hydraulic tipping gears, bodeis and mechanical-handling equipment for commercial vehicles, hydraulic pumps and machine tools.

	Six months 1978 £000	1977 £000
Turnover	16,466	12,005
Trading profit	1,801	1,388
Interest charges (net)	207	76
Profit before tax	1,594	1,312
Tax*	591	353
Profit after tax	1,003	959

*Tax charges reflect group policy on deferred taxation as revised during year ended March 31, 1978. Rate of tax used in the six months based on that expected for year ending March 31, 1979.

● comment

Edbro managed to recover only about 60 per cent of the ground lost in the first half of last year when short time working, industrial disputes, local authority cutbacks and the world trade and transport recession disrupted the group's growth pattern. Much of the latest recovery is due simply to the absence of internal disputes although there has been some increase in demand and prices in the UK. Overseas sales were also better but margins are being squeezed, particularly in North America and the Middle East. The shares tumbled 24p to 200p after the news but edged up slightly to close at 201p. At this level the shares have a prospective fully taxed p/e of 9.6 assuming that profits will be of the order of last year and a yield of 5.2 per cent. With prospects for the current period and beyond dependent upon such vagaries as the movement of the U.S. dollar this is, in the short term at least, probably an optimistic rating.

Scottish Inv. takes cautious view

The future is being faced with considerable caution by the directors of **Scottish Investment Trust Company**. It is prudent to be aware of the many economic and market changes which may still have to occur before a more predictable investment climate emerges, says Mr. Angus Grossart, the chairman.

In the UK, industrial investment is poor and the prospects *for growth in corporate profitability are not good*. As for the U.S., recent moves could bring about a gradual correction of the adverse situation there, but the restoration of long-term international confidence in the dollar may take some time, he comments.

On balance the directors have concluded that they should maintain the company's present level of investment in the U.S.

Japan and Germany, on the other hand, have managed their economies well but the relative strength of economic growth in both these countries can only partly offset any slowdown in the U.S., he adds.

At the year end October 31, 1978, the company's £116m (£114m) assets were distributed, in percentages, as to UK 54.9 (57.2); US 28.4 (29.5); Europe 3.4 (3.9); Japan 6.1 (4.5); South-east Asia 6.7 (4.4) and elsewhere 0.5 (same).

Taxable revenue for 1977-78 was ahead to £4.62m (£4.03m) on income up at £5.36m (£4.45m) and net dividend is raised to 3p (2.56p)—as reported November 24.

During the period the company borrowed U.S.$5.5m by means of a 10-year reciprocal loan and concluded a 7-10-year currency exchange agreement for $8m and the sterling equivalent. At the same time a $6.5m short-term bank loan was reduced and by year end short-term bank loans were equivalent to a total of $4.2m, including a loan of Y350m for investment in Japan.

Borrowings for overseas investments therefore increased over the year from $6.5m to $17.7m.

Meeting, Edinburgh, on January 25 at 11 am.

Finance and Industrial

Sir Graham Rowlandson, chairman of **Finance and Industrial Trust**, reported to the AGM that progress has been maintained. Satisfactory increases in rental income have been agreed and will be reflected in results over the next 12 months.

On December 14 the company agreed to acquire **Gavingham Property Company** for a total consideration of £115,000.

A large holder has disposed of its holding and there is now far more trading in the company's shares.

Cawdaw ahead in first half

Sales of **Cawdaw Industrial Holdings** for the half year to September 30, 1978 improved from £5.81m to £6.24m and pre-tax profits were £152,000 against £101,000 in the same period last year.

Prospects for the second six months will depend largely on an upturn in the textile trade generally, but to date the traditional second half improvement is being affected by the uncertain economic situation, the directors report.

In 1977-78, pre-tax profits totalled £436,000 from turnover of £11.8m.

Turnover in timber and furniture has increased by nearly one-fifth compared with the corresponding half year of 1977, contributing materially to the group profit increase.

Textiles as a whole did not recover to the extent which had been anticipated and confidence still appears to be lacking in *certain markets*. However, the investment in new weaving plant at J. T. Wright (Trowmill) has been justified by increased profits.

Tax of £79,000 is entirely deferred and directors foresee that no liability is likely to arise.

Schroder Life

ANNUAL premium income of **Schroder Life**, the wholly-owned life assurance subsidiary of Schroders, the banking and investment group, jumped from £760,000 to £2m in the year to October 31, 1978.

Single premium income amounted to £14.27m, against £9.29m the year before.

Schroder Life's market share has quadrupled over the past four years.

Gillett Brothers chairman retiring

Mr. David Whitby, chairman of the **Gillett Brothers Discount** concern, is to retire at the end of next month. He is to be succeeded by Mr. Ian Logie who also remains as deputy managing director of European Banking Company.

Mr. Whitby, who had been chairman for ten years, said yesterday that he wished to pursue other interests.

In 1974 Gillett made a £1.9m loss but since then has recovered with profits of £1m last year. Mr. Whitby's resignation is timed to coincide with the end of the group's current financial year.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
AGB Research ......int.	1.4	Jan. 31	0.83*	—	2.55*
BOC Intl.	1.85	Apr. 5	1.8	3.5	3.14
Catalin ......int.	0.72	—	0.65	—	2.86
Danks Gowerton ......int.	0.7	—	0.35*	—	1.32*
Edbro ......int.	2.27	Jan. 29	2.03	—	6.31
Equity Consort ......int.	2.01	Jan. 31	1.98	—	6.84
Philip Harris ......int.	1.45	Jan. 25	1.3	—	4.28‡
Jo'burg Cons. ......int.	50¶	Feb. 17	40	—	—
Nova (Jersey) ......int.	1	Feb. 13	0.5	—	1.5
Petbow ......int.	1.5	Jan. 29	1.5*	—	4.31*§
Radiant Metal ......int.	0.55	Jan. 31	0.55	—	1.9
Scottish & Newcastle int.	1.45	Apr. 9	1.35	—	3.41

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Plus additional 0.045p now declared. § Additional 0.042675p. ¶ South African cents.

Record profit in sight for P. Harris

PROFITS before tax of **Philip Harris (Holdings)**, maker of scientific apparatus etc., rose sharply from £276,169 to £479,230 in the six months ended September 30, 1978, and current year results are expected to show a considerable improvement over the record £702,000 of 1977-78.

The first half result has been helped by the start in September of shipments against the £5m Indonesian contract, the directors say.

Earnings per share are shown to be up from 4.08p to 7.12p and the interim dividend is lifted from 1.3p to 1.45p. There is also an additional payment of 0.045p in respect of 1977-78—the total in that year was 4.276p.

Turnover in the first six months improved from £4.42m to £6.5m. Tax takes £249,200 (£143,608) leaving net profit at £230,030 against £132,561.

London and Associated up £18,000

PRE-TAX PROFITS of **London and Associated Investment Trust** rose £18,000 to £50,000 in the six months to June 30, 1978. The figure includes £78,000 (£67,000) share of associated company profits, and is after paying interest of £74,000 (£84,000).

Tax takes £8,000, against £34,000, leaving net profit of £42,000, compared with a £2,000 loss. For the whole of last year the company turned in pre-tax profits of £126,000 (£79,000 loss).

The company's share of reserves of Bisichi Tin Company after revaluation of fixed assets of the Nigerian subsidiary due to currency realignment, fell by £4,000, against a £12,000 increase. This item is not reflected in the interim statement.

The share of associated companies' extraordinary income is nil this time (£25,000).

UK COMPANY NEWS

Scottish & Newcastle down £0.5m in first six months

ALTHOUGH TURNOVER was higher at £207.5m against £194.75m, Scottish and Newcastle Breweries reports a downturn in pre-tax profits from £22.1m to £21.57m for the 26 weeks to October 29, 1978.

At the August annual meeting, the directors said they did not expect much improvement in first-half results, but provided there was some reasonable weather and a satisfactory outcome to wage and salary negotiations, they anticipated an increase for the full year.

In the previous full year, taxable profits rose 1 per cent to a record £35.38m.

Half-yearly operating profits improved from £21.6m to £22.22m but financial income was cut to £0.68m (£1.1m) and expenses were £0.7m higher at £2.52m. Associate contributions were unchanged at £1.24m.

Sales of lager were up compared with last year's first half, but sales of other beers were disappointing, state the directors. Total volume was down and they say it is unlikely that full year sales will attain the previous year's volume.

Hotels and managed public houses further improved their performance and are expected to maintain their progress, while wines and spirits performed well in the home market and this trend is expected to continue for the full year.

After tax of £4.75m (£4.37m) and preference dividends, attributable earnings for the period dropped from £17.47m to £16.55m.

Stated first-half earnings per 20p share fell from 6.3p to 5.9p but the interim dividend is lifted to 1.45p (1.35p) net, absorbing £4.05m (£3.77m)—the 1977-78 final was 2.05912p.

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals, and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Batleys of Yorkshire, A. Cohen, Dozenakande Rubber Estates, Forminster, Lindustries, Norton and Wright, R. Paterson, Trustees Corporation, Unigate.

Finals—Charterhouse Group, Cronite, Hamfrey.

FUTURE DATES

Interims—

Crellon	Dec. 28
Linfood	Jan. 4
Mann Egerton	Dec. 27
Raybeck	Jan. 11
Stead and Simpson	Jan. 5
Sterling Credit	Dec. 28

Final—

Lowe (Robert H.)	Jan. 5

Nova (Jersey) Knit improves at midterm

Progress back to former levels of profit continued at Nova (Jersey) Knit in the half year to September 30, 1978, following the two years of loss seen in the mid-1970s. For the six months the surplus was ahead from £103,000 to £152,000 before tax of £79,000, against £53,000.

Earnings per 20p share emerged 0.87p higher at 2.58p from which is paid a net interim of 1p (0.5p). A 1p final was paid last time.

Sales by the group, whose activities include the manufacture and sales of double jersey-knit fabric and supply of technical services, rose from £2.88m. to £3.6m. Profit was struck after lower interest of £22,000, compared with £27,000.

Last year full-time profit was doubled from £118,000 to £236,000—still far short of the peak £0.96m seen in 1971-72. The directors said in July that though the company's present trading position was encouraging, uncertainties, especially in the fibres industry, made any meaningful forecast impossible.

Leeds Dyers expects downturn

Current year results of Leeds and District Dyers and Finishers are not expected to equal those achieved during the past two years, says Mr. A. Mortimer, the chairman, in his annual statement.

As reported on November 29, pre-tax profits rose from £1,007,824 to £1,102,026, on turnover of £8.03m (£7.55m), for the year to September 30, 1978.

The chairman explains that next year the company will be running in new plant and working hard to recover the business lost through the fire at Scott and Rhodes, in November, 1977. Also, it will no longer have the support of its consequential loss insurance.

It will be difficult for the company's major piece branch to do more than break even and this will throw a heavy burden on its other units, he adds.

On a current cost basis, pre-tax profits are cut to £901,000 (£823,000) for the year, after adjustments for depreciation, £201,000 (£180,000) cost of sales, £25,000 (£33,000), less gearing of £25,000 (£26,000).

First half increase for Danks Gowerton

From turnover of £11.29m against £9.19m, profits before tax of Danks Gowerton improved from £347,854 to £408,918 in the six months ended September 30, 1978.

Earnings per 25p share on increased capital are shown at 2.59p (4.406). The interim dividend is 0.7p, against an equivalent 0.35p—last year's total was equal to 1.318p from pre-tax profits of £1m.

First half tax charge is £212,637 (£180,884) leaving net profits at £196,281 against £166,970. The group processes steel and designs and makes boilers, plant, etc.

Mr. A. J. Rowe, the chairman, says intense competition for a share of the market for the group's products has had an effect on prot margins. The additional capacity available at the Oldbury Works has enabled the group to accept orders and accommodate increased production, thereby mitigating the effect of reduced margins, these orders being obtained largely on the basis of reputation for quality of product and delivery performance.

Shareholders are reminded that historically higher profits have been generated during the second half of a financial year and the chairman has no reason to believe this year will be an exception.

Prospects within the engineering division for the current half year are good, with an order book extending into next year after allowing the planned development of Oldbury site to reach 85 per cent of capacity by March, 1979.

Given reasonable trading conditions, uninterrupted by any further major upheaval in industrial relations in consumer durable industries, the prospects for the steel division are encouragingly healthy.

The group expects to maintain its level of results for the year, but any improvement depends upon a recovery in demand for steel and a period free of industrial disputes affecting major customers, the chairman says.

DIAMOND STYLUS

In yesterday's report the net profit of Diamond Stylus was incorrectly given. Figures should have read £38,456 (£17,642).

Cash support for FPA Construction

Adequate overdraft facilities have been granted to FPA Construction Group, the housebuilding and property concern which recently announced a shock £1m turnround into loss, for the half year ended June 30.

The chairman Mr. Douglas Oliphant, detailing the sale of the group's principal lossmaker FPA Finnegan in a circular to shareholders, says that the group will not make a profit in 1978 and that any dividend for 1979 "is most unlikely."

He adds that the existing main trading subsidiaries "will produce their own growth and profit pattern, but the property development company will take early opportunities to dispose of assets in order to improve the overall liquidity of the continuing group." But, "some of these sales could well be undertaken below book values and a critical appraisal of the disposal prospects will be made prior to the publication of our results for the year to December 31, 1978."

An extraordinary general meeting is to be held on January 2, 1979, at Winchester House, London Wall, EC, to approve the sale of the Finnegan subsidiary to Clugston Holdings.

Radiant Metal lower in first six months

Lower turnover of £328,832 against £356,936 and pre-tax profits down from £86,520 to £74,160 are reported by the Radiant Metal Finishing Company, for the first half ended August 31, 1978.

The interim dividend is held at 0.55p—the total in 1977-78 amounted to 1.9p when pre-tax profits were £166,000.

Tax in the half year is £38,563 (£44,990) leaving net profits at £35,597 compared with £41,530.

Today's company meetings

Aberdeen Trust, 10 Queen's Terrace, Aberdeen, 12. Bazaloni, Duncan Lawrie, 12 Carlos Place, W, 12. British Assets Trust, 1 Charlotte Square, Edinburgh, 12.30. Concentric, Penns Hall Hotel, Walmley, Sutton Coldfield, 3. Fundinvest, 177 Old Broad Street, EC, 12. Fourth City and Commercial Investment Trust, 14 St. John's Road, Tunbridge Wells, Kent, 11. GR Holdings, Chartered Accountants Hall, Moorgate Place, EC, 12. Greencoat Properties, Connaught Rooms, Great Queen Street, WC, 12. Hartley Industrial Trust, Midland Hotel, Manchester, 12. Kunick, Westmoreland Hotel, 18 Lodge Road, NW, 11.30. G. and G. Kynoch, Isla Bank Mills, Keith, Banffshire, 11.30. London and Montrose Investment Trust, Bucklersbury House, 83 Cannon Street, EC, 3.15. Moss Engineering, Shenstone Hall, Great North Road, Shenstone, Lichfield, 2. Peters Stores, Holiday Inn, Seaton Burn, Newcastle-upon-Tyne, 12. Scottish and Mercantile Investments, Winchester House, 100 Old Broad Street, EC, 11. Sungei Bahru Rubber Estates, 1 Great Tower Street, EC, 12. Yarrow and Co., Charing Cross Tower, Glasgow, 3.

Seafield Gentex recovery

After reducing the deficit from £264,769 to £91,400 at halfway, Seafield Gentex moved into profit in the second half and reports a greatly reduced pre-tax loss of £48,872 for the year to September 30, 1978, compared with £499,803 for the previous 12 months.

Mr. Richard Lord, chairman, says that the multi-fibre agreement has not yet resulted in any marked improvement in controls of imports from state trading and third world countries. In addition, state aids for the textile industry continue in several of the European countries, apart from the UK. Nevertheless, it is hoped that improvements already apparent will continue throughout the coming year.

Before extraordinary debits of £575,776 (£596,687) the loss per 25p share is shown at 0.23p (6.6p) and after such items at 13.7p (20.5p).

The major portion of extraordinary items concerns the final losses expected in the disposal of Castleguard Textile Company, together with book losses on the sale of the investment in Gentex (1975).

	1977-78 £	1976-77 £
External sales	13,010,000	15,238,000
Trading deficit	60,634	520,928
Share of assocs.	45,853	56,134
Interest	33,891	35,009
Deficit before tax	48,672	499,803
Tax	39,098	213,922
Net deficit	9,774	285,881
Minorities	—	6,645
Extraord. debits	575,776	596,687
Attributable	585,550	876,923

A net interim dividend of 1.4p is declared for the current year and represents about half the maximum permitted total. The interim last year was equal to 0.825p and the total was an equivalent 2.55p.

In the year to April 30, 1978, pre-tax profits totalled a record £1.37m following the first half rise from £380,176 to £532,661.

The interim results are to be announced in January.

AGB sees satisfactory first half

Management figures of AGB Research indicate that the results for the half year to October 31, 1978 are likely to be satisfactory, the directors report.

BIDS and DEALS

CONTINENTAL FORMS UK SUBSIDIARY

The Continental Corporation, a New York-based financial company, has set up a new UK subsidiary, Continental Insurance Company (UK).

The new company, which has authorised share capital of £5m, will write non-tariff property and casualty insurance exclusively through brokers. Continental's UK business was previously handled through branch offices in London and Manchester. The new company is expected to generate £3.5m in net written premiums in its first year of operations.

Meanwhile, Continental says its plans to acquire a 20 per cent interest in Harris and Dixon Insurance Brokers, one of the oldest broking firms at Lloyds of London, will soon be made final.

CTS BUYS MORE OF AB ELECTRONIC

The CTS Corporation of the U.S. is to increase its stake in A.B. Electronic Products Group—designer and manufacturer of electric and electronic equipment—from 10.5 per cent to just over 20 per cent.

But CTS says it does not intend to further increase its stake—unless significant changes were planned at the British group which would materially affect its interests.

It says that it requires a 20 per cent holding to consolidate A.B. Electronics results into its accounts and also to extend cooperation between the two groups.

A.B. Electronics is therefore to issue a further 450,000 new shares raising £742,000. At the same time CTS is to extend licensing arrangements to A.B. Electronics.

FITZROY INVEST. SELLS OFFSHOOTS

The directors of Fitzroy Investment Company exchanged contracts for the disposal of two subsidiaries, National Galvanisers and Weldaform for a nominal consideration of £1 each which approximates to their asset value.

For the 15 months to September 30, 1978, the combined pre-tax losses of the two companies totalled £240,000 and losses had continued to accumulate since then.

These disposals are in accordance with the board's policy of restructuring Fitzroy's trading and financial base.

FURTHER INVESTMENTS BY MR. LACEY

Mr. Graham Ferguson Lacey has made three more investment purchases this week.

Birmingham and Midland Counties Trust, of which Mr. Lacey is chairman acquired 500,000 ordinary shares (22.02 per cent) in David Dixon and Sons Holdings, the Leeds woollen cloth and hosiery manufacturer.

BMCT also increased its holding in Bernard Wardle by 325,000 ordinary shares, bringing the total stake to 3,003,000 (16.75 per cent).

It was also announced that BCMT now holds 2.5m ordinary shares (21.2 per cent) in National Carbonising.

INCHCAPE PROPERTY SALES

Inchcape Berhad Singapore, a subsidiary of Inchcape Corporation of UK, has sold three properties in Kuala Lumpur, Malaysia, and Kuala Belait, Brunei, for about Singapore $5.3m.

Inchcape said the sale will give rise to an extraordinary profit in the current year of approximately $2.7m.

It added that the sale, which is subject to approval from the relevent authorities, will not affect the group's trading profit, nor materially affect its overall net asset backing.

The two properties in Kuala Lumpur which were sold to a Malaysian company, Syarikat Selewatang Sendirian Berhad, fetched Malaysian $4.7m. The Brunei property was sold to a Brunei subject for Brunei $633,150.

Payment for the Kuala Lumpur properties will be in three instalments with the bulk of it to be settled on effective completion of the sale. Payment for the Brunei property has been received.

Inchcape said the properties now house workshops, offices and showrooms for the group's motor companies and will be surplus to requirements when redevelopment of other of its properties in Petaling Jaya, near Kuala Lumpur, and in Kuala Belait is completed early next year.

NO PROBE

Proposed acquisition by Hepworth Ceramic Holdings of certain assets of Thomas Wragg and Sons is not to be referred to the monopolies commission.

The acquisition by Hepworth Ceramic (Holdings) of certain assets of Thomas Wragg and Sons is not to be referred to the Monopolies Commission.

LANCASTER GARAGE PURCHASE

The Lancaster Garage group, a private East Anglia company owned by Mr. Ronald Lancaster, has purchased the entire shareholding of the Colchester Motor Company, a Renault main dealership and parts distribution centre for Colchester and districts.

Mr. Lancaster forecasts that the extra unit throughput with increased activity in the lucrative fleet market will boost the group's turnover to around the £9m.-mark.

DELTENNE

Deltenne Holdings announces that subject to shareholders' approval, it has purchased from Lynsal 249,000 ordinary shares in House Property Company of London, a property investment company.

This represents 24.9 per cent of the capital.

Consideration for the purchase is the issue to Lynsal of 4,357,500 Ordinary shares of Deltenne, credited as fully paid. The approval of members of Deltenne to the purchase and to the necessary increase in its authorised share capital will be sought at an EGM to be called early in the new year.

AUTOMATED SECURITY

Automated Security (Holdings) has reached conditional agreement to purchase E. Pincott and Co., a West Country security alarm company.

Maximum purchase consideration for the shares of the company is 215,000 to be paid in cash subject to reduction in respect of any short fall of rental systems or rental income.

BOOKER McCONNELL

Booker McConnell's fluid engineering and general engineering division are to be merged, from January 1, 1979, into a single division. This move is intended to strengthen the groups engineering activities and to assist their further development.

CATTERSON-SMITH

Monometer Manufacturing Company has acquired Catterson-Smith. Monometer is thought to have paid around £250,000 for Catterson which manufactures electric-resistance heated furnaces, and builds furnaces for a wide variety of industries.

BOWATER SALE

The Bowater Corporation has sold its interests in a joint venture for the extraction of hardwoods from a concession in Indonesia for about US$5m, a figure in excess of book value.

SHARE STAKES

Kelsey Industries—Mr. M. Arbib purchased 12,000 Ordinary shares making total holding of 393,985 (10.3 per cent). Sold 10,000 preference shares making a total holding of 23,000 (1.5 per cent.).

Comfort Hotels International—Mr. R. S. Cowen, a director, has disposed of 110,000 ordinary shares.

Duple International—W. S. Yeates has acquired 50,000 ordinary shares and now hold 4,116,666 (10.01 per cent).

Marshall's Universal—The following directors took up the recent rights issue of the company in the following amounts—R. L. Doughty, 2,200 shares, J. A. Oliver, 1,012, W. A. Benson, 479, F. J. Clarke, 81½, D. McGregor 435, S. E. Littlechild 406, R. S. Reynolds 180, J. A. Rooke, 1,170, P. Whitehorn 266 and J. A. Oliver and Mrs. J. M. Probitts 468. These are all beneficial holdings. Non-beneficially J. A. Oliver "J" account took up 4,645, J. A. Oliver "K" account took 10,676 and W. A. Benson 64,713 shares.

Elbar Industrial—Tanks Consolidated Investments and its subsidiary companies have recently increased their beneficial interest to 1,947,792 shares (59.65 per cent).

King and Sharson—Sir Eric Penn has sold 32,000 Ordinary shares leaving a balance of 34,364.

R. Cartwright (Holdings)—Mr. J. C. Northam, a director, has sold 20,000 shares.

HONEYWELL/ SIME DARBY

Sime Darby Group and Honeywell Inc. announce the formation of a jointly owned company in Singapore to act as distributor for Honeywell Industrial, environmental and building automation controls and systems in Singapore, Malaysia and Brunei.

Each will own half of the joint venture, Honeywell-Sime Darby Private. Formation of the new company follows Sime Darby's acquisition earlier this year of Mechanical and Combustion Engineering Company Pte (Mecomb), which was the exclusive distributor for these Honeywell products in the three countries for the past 25 years.

C. E. HEATH

C. E. Heath and Company has gained all official approvals for its purchase of 80 per cent of the issued share capital of Groupe Sprinks SA.

First instalment of the purchase price is being met by the issue of 793,184 ordinary shares of 20p each in C. E. Heath and Company and the payment of FFr 4.6m to the endors.

ASSOCIATE DEALS

S. G. Warburg and Co., as an associate of the General Electric Co. sold on behalf of discretionary investment clients 2,500 ordinary shares of GEC at 326p and 29,557 ordinary shares at 325p.

S. G. Warburg and Co., as an association of Lloyds and Scottish sold on behalf of discretionary investment clients 400 ordinary shares of Lloyds and Scottish at 110p.

Rowe and Pitman, Hurst-Brown, associates of Comfort Hotels, International, on December 15 bought for a discretionary investment client of an associate 125,000 Comfort Hotel International shares at 26½p and 125,000 shares at 27p. Also for a discretionary investment client 40,000 Comfort Hotels International shares at 26p.

Rowe and Pitman, Hurst-Brown, associates of Letraset International on December 15 bought for an associate 5,000 shares of Stanley Gibbons International at 295p.

On December 15, S. G. Warburg and Co. sold on behalf of an associate 500 ordinary shares of General Electric Co. at 336p.

Joseph Sebag and Co. on December 15, sold on behalf of a discretionary client, 25,000 English Property Corporation ordinary shares at 38½p.

MINING NEWS

OFS needs $200 gold to maintain profits

BY KENNETH MARSTON, MINING EDITOR

ONE OF the major post-war events in the mining world was the launching of South Africa's high-grade Orange Free State gold mines in the 1950s. Over the past 25 years much of their more easily accessible payable ore reserves have been mined out and these days a good deal of the ore tonnage has to be taken from remaining pillars and other remnants from areas already mined.

This means lower productivity because of the difficulties of mining pillars; higher costs and a dilution of ore grade; together with productive time lost by men who have to travel further to the work faces. Fortunately, these adverse factors are being balanced by higher gold prices, as the chairman of the Anglo American Corporation group's OFS mines point out in the latest annual reports.

As far as the outlook for gold is concerned, the chairmen take a generally confident line. They point out that industrial demand this year should again be in the region of 1,200 tonnes which is more than South Africa's output of around 700 tonnes and that of the Soviet Union which is estimated at some 400 tonnes. Furthermore, the rise in the U.S. price for gold has not dampened industrial demand, partly because the price has not increased much in terms of stronger currencies.

On the subject of by-product uranium, no further rise is thought likely in the current spot price of about $43 per pound for the near-term because of the anticipated flow of new supplies from Australia and Canada coupled with slippage in nuclear energy programmes. But it is suggested that shelved nuclear energy programmes could be stimulated by the latest increase in oil prices.

Meanwhile, all the mines with the exception of President Steyn, are facing some reduction in ore grade and gold output in their current financial years to next September. In order to maintain the past year's record level of working profits Free State Geduld will need an average gold price in excess of $220 an ounce. Capital expenditure is expected to remain at a high level of R43m in 1978-79.

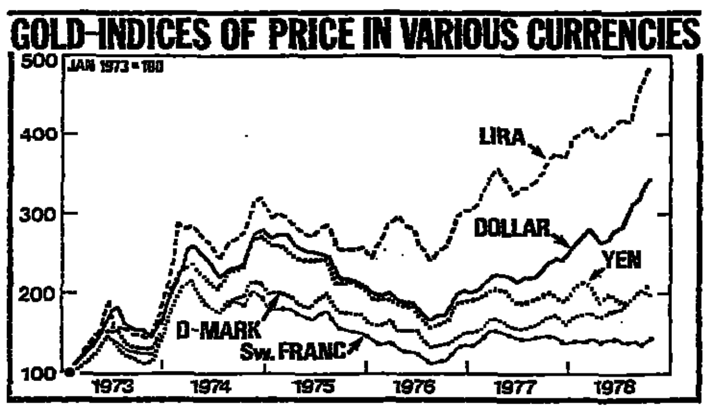
For Western Holdings the required gold price is $210, forecast capital spending being R11m against R6m in the past year; Welkom, with capital spending ahead of R5m against R3.57m, looks for a gold price of at $220; President Steyn which reckons to raise gold output to 27,200 kilograms this year from 25,622 kgs in 1977-78 can maintain earnings at a price of above $200.

President Brand needs an average price of about $210. In this case capital spending in the current year is expected to advance to about R60.5m from R28m, although R48.5m of the latest figure is associated with the OFS joint metallurgical scheme and will be partially financed by consumer loans. Gold has averaged over $200 since September 30 and is currently $215¾.

President Brand's subsidiary, Free State Saaiplaas is facing capital spending of R41m in the current year, compared with R10.7m in 1977-78. The latter's inability to meet forecast production levels and to contain costs has strained finances, and further funds will be needed early in 1979. Ways and means of overcoming the cash problem are being examined.

The Anglo-Vaal group's Loraine gold mine in the OFS had net capital spending of R369,000 in the year to last September, but forecasts a total of some R4m in the current year. However, the chairman holds out the prospect of reversing the past year's fall in mill grade with the mine's plans to increase gold output in 1978-79.

GOLD-INDICES OF PRICE IN VARIOUS CURRENCIES



HUNT REVISES SUNSHINE BID

The attempt of Hunt International Resources, controlled by Herbert and Bunker Hunt, to take over Sunshine Mining, the largest silver producer in the U.S., has moved a stage further with the submission to Sunshine of a revised agreement and merger plan.

The proposal expires today and offers Sunshine shareholders a combination of Hunt International stock and 9¾ per cent debentures.

Hunt International said that if Sunshine directors accept the offer, litigation between the two companies will be held in abeyance until the two companies have reached a point in their merger "where litigation may be dismissed."

PACKER BOOSTS STAKE IN PACIFIC COPPER

The Consolidated Press group, —of Australia's cricket impresario, Mr. Kerry Packer—has raised its stake in Pacific Copper of Sydney to 28 per cent from 20 per cent by the purchase of 1m shares from Pacific Copper Mines of Canada for an undisclosed price.

Pacific Copper, which has interests in tungsten, coal and the Cadia copper-gold prospect in New South Wales, is an affiliate of Pacific Copper Mines.

Shareholders of Pacific Copper were told the news of Mr. Packer's increased interest at the annual meeting in Sydney by Mr. P. C. Gibb, the chairman.

Mr. Gibb also said that the company was holding discussions with several companies about the re-activation of the Cadia project. Reserves at Cadia have been put at 42.8m tonnes of ore grading 0.72 per cent copper, 0.5 grammes per tonne gold and 5.1 grammes per tonne silver.

Preliminary discussions are also taking place with an unnamed Australian company for a joint exploration venture in south east Queensland coal. Last year Pacific Copper bought the Barix steaming coal property in New South Wales.

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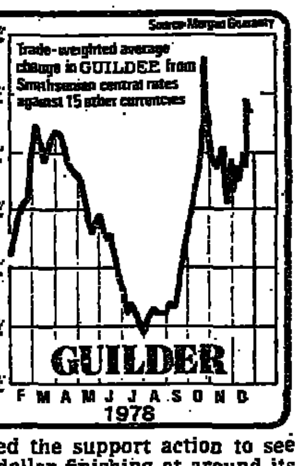
Companies and Markets

CURRENCIES, MONEY and GOLD

Dollar steadies in thin trading

Trading in yesterday's foreign exchange market was not quite so active as earlier in the week, and despite a slight recovery by the U.S. dollar during the afternoon, it still finished just below Tuesday's closing levels. Using Morgan Guaranty figures at noon in New York, the dollar's trade weighted average depreciation widened to 9.6 per cent from 9.5 per cent. On Bank of England figures, the dollar's index was unchanged at 83.1.

Central bank intervention during the morning prevented the U.S. unit declining further, and with trading thinning out during the afternoon, the Fed continued the support action to see the dollar finishing at around its best level for the day.



Against the D-mark, the U.S. currency dipped to DM 1.8175 at one point, before recovering to DM 1.8410 at the close, slightly below Tuesday's level of DM 1.8420. Similarly the Swiss franc rose to SwFr 1.6200 during the day, before finishing at SwFr 1.6412½, compared with SwFr. 1.6420 previously. The Japanese yen showed a slightly weaker *tendency at Y194.25 from Y193.20,* while the French franc strengthened further to Fr 4.2100 against FrFr 4.2225.

Sterling showed little change overall, and its trade weighted index on Bank of England figures finished unchanged at 63.3, although the morning calculation showed an improvement to 63.5 before easing back to 63.2 at noon. The pound opened at $2.0225 against the dollar and touched $2.0310 very early on, before settling back to $2.0025. Trading for the rest of the day took place between $2.0100 and $2.0125, and it closed at $2.0100-2.0120, a rise of just 10 points.

FRANKFURT — The dollar was fixed at DM 1.8343 yesterday, down from Tuesday's fixing of DM 1.8390, and the Bundesbank bought an estimated $25.75m in an effort to arrest the decline. Trading was initially described as calm and the Bundesbank's scale of assistance was the lowest so far this week. The market still appeared to be depressed by the OPEC's decision to raise oil prices by 14½ per cent.

NEW YORK—In early trading the dollar showed a slightly firmer trend with U.S. interest rates continuing to firm. The latter reflected the Federal authorities' determination to tighten credit in the domestic money market and Chemical Bank's decision to increase its prime rate to 11¾ per cent from 11½ per cent. The dollar was quoted at $2.0155 against the pound, unchanged from Tuesday, while the Swiss franc eased slightly to SwFr 1.6362½ against SwFr 1.6355.

PARIS—The dollar continued to decline yesterday, and although some sources suggested that the U.S. unit had bottomed out, others pointed to the continued switch into gold, which could lead to a further decline in the dollar. The latter was quoted at FFr 4.1750 against *FFr 4.21 on Tuesday,* having touched FFr 4.1650 in early trading.

TOKYO — Compared with Tuesday's close of Y193.35, the dollar fell to Y193.15 with no major news affecting the market other than the latest OPEC oil *increases.* The U.S. currency opened at Y192.80 and touched Y193.70 during the morning, before selling pressure pushed the rate back to Y192.90. In the afternoon the dollar failed to recover in the absence of any central bank intervention. Trading in the spot market totalled $488m with forward trading at $188m and swap dealings accounting for $747m.

THE POUND SPOT / FORWARD AGAINST £

Dec. 20	Bank rate %	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S. $	9½	2.0085-2.0310	2.0100-2.0120	0.30-0.20c pm	1.49	0.70-0.60c pm	1.29
Canadian $	10¾	2.3740-2.4065	2.3750-2.3770	0.55-0.45c pm	2.53	1.45-1.35c pm	2.36
Guilder	6½	3.99-4.02	4.00-4.01	1⅛-⅞c pm	1.87	4-3c pm	3.50
Belgian F	6	58.15-58.65	58.45-58.55	20-10c pm	3.08	60-50c pm	3.76
Danish K	8	10.29½-10.35½	10.33½-10.34½	3¼-2¼ ore dis	-2.04	5½-7½ ore dis	-2.42
D-Mark	3	3.68-3.71½	3.69½-3.70½	3¼-2¼ pf pm	8.51	9¼-8¼ pf pm	9.52
Port. Esc.	18	92.80-93.20	92.05-92.45	60-105c dis	-10.75	150-320c dis	-10.39
Span. Pes.	8	140.90-141.85	141.00-141.10	par-75c dis	-3.19	150-250c dis	-5.67
Lira	10½	1,661-1,671	1,668-1,669	13-33 lire dis	-1.99	35-74 lire dis	-1.56
Nrwgn. K.	7	10.04-10.16	10.13½-10.14½	2½-½ ore pm	2.07	5½-3½ ore pm	1.78
French Fr.	9½	8.45-8.48	8.45½-8.46½	3¼-2¼c pm	3.90	9¼-8¼c pm	4.14
Swedish Kr.	6½	8.65-8.71	8.65½-8.66½	2 ore pm-par	1.39	4½-2½ ore pm	1.52
Yen	3½	384-394	390-392	4.80-3.85y pm	13.66	11.70-11.20y pm	11.71
Austria Sch.	4½	27.00-27.15	27.05-27.15	17-7 gro pm	4.98	47-37 gro pm	6.22
Swiss Fr.	1	3.28-3.33	3.29½-3.30½	3⅞-2⅞c pm	12.27	11-10c pm	12.75

Belgian rate is for convertible francs. Financial franc 59.40-59.50.

Six-month forward dollar 1.00-0.90c pm, 12-month 2.35-2.25c pm.

THE DOLLAR SPOT AND FORWARD

Dec. 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Canada†	84.33-84.47	84.44-84.47	par-0.03c pm	0.21	0.14-0.17c pm	0.69
Nethlnd.	1.9780-1.9925	1.9905-1.9925	0.19-0.09c pm	0.59	1.17-1.07c pm	2.27
Belgium	28.83-29.05	29.02-29.05	3-1½c pm	0.82	18-16c pm	2.25
Denmark	5.1000-5.1335	5.1005-5.1030	1.25-1.75ore dis	-2.85	3.25-4.25ore dis	-2.98
W. Ger.	1.8240-1.8430	1.8420-1.8430	1.16-1.10pf pm	6.62	3.78-3.72pf pm	7.78
Portugal	45.70-46.20	46.00-46.20	40-50c dis	-11.71	90-160c dis	-10.85
Spain	70.07-70.24	70.07-70.12	15-35c dis	-4.13	110-150c dis	-7.41
Italy	825.00-829.25	828.50-829.25	2.25-3.00lire dis	-3.98	6.25-7.25lire dis	-3.26
Norway	4.9850-5.0340	4.9850-4.9870	0.50ore pm-par	0.60	1.00-0.50ore pm	0.80
France	4.1700-4.2200	4.21-4.22	1.10-0.80c pm	3.34	3.15-1.85c pm	3.11
Sweden	4.3030-4.3165	4.3032-4.3042	0.40-0.20ore pm	0.81	0.85-0.75ore pm	0.74
Japan	192.60-194.30	194.10-194.30	1.95-1.80y pm	11.15	5.20-5.05y pm	10.17
Austria	13.37-13.45	13.43-13.44	4.50-3.50gro pm	3.57	16-14gro pm	4.63
Switz.	1.6242-1.6450	1.6425-1.6450	1.53-1.48c pm	10.62	4.70-4.65c pm	11.39

† U.S. cents per Canadian $.

CURRENCY RATES

December 19	Special Drawing Rights	European Unit of Account
Sterling	0.642478	0.676322
U.S. dollar	1.29909	1.36551
Canadian dollar	1.54176	1.62287
Austrian schilling	17.5182	18.3913
Belgian franc	37.7581	39.6885
Danish kroner	6.70330	7.03473
Deutsche Mark	2.38903	2.51334
Guilder	2.58324	2.71685
French franc	5.46917	5.75189
Lira	1076.62	1132.98
Yen	251.114	263.798
Norwegian krone	6.52143	6.86949
Peseta	91.3976	96.0863
Swedish krona	5.62792	5.91218
Swiss franc	2.12661	2.23695

CURRENCY MOVEMENTS

December 20	Bank of England Index	Morgan Guaranty changes %
Sterling	63.29	-40.9
U.S. dollar	83.11	-9.6
Canadian dollar	79.03	-18.1
Austrian schilling	147.47	+19.8
Belgian franc	114.59	+15.3
Danish krone	118.79	+8.7
Deutsche Mark	150.39	+41.7
Swiss franc	197.09	+84.4
Guilder	124.70	+20.7
French franc	100.31	-5.3
Lira	54.39	-48.2
Yen	148.10	+46.3

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Dec. 20	£	$		£ Note Rates
Argentina Peso	1,989-1,993	988.80-990.80	Austria	26¾-27¾
Australia Dollar	1.7465-1.7565	0.8673-0.8694	Belgium	59¼-60
Finland Markka	7.9300-7.9400	3.9400-3.9420	Denmark	10.30-10.40
Brazil Cruzeiro	40.64-41.64	20.20-20.70	France	8.42-8.52
Greek Drachma	73.164-73.926	35.87-36.75	Germany	3.65-3.75
Hong Kong Dollar	9.6400-9.6625	4.8010-4.8040	Italy	1630-1680
Iran Rial	148.85-152.87	74.76	Japan	387-397
Kuwait Dinar (KD)	0.544-0.554	0.27186-0.27195	Netherlands	3.95-4.05
Luxembourg Franc	58.45-58.55	29.09-29.12	Norway	10.05-10.20
Malaysia Dollar	4.3850-4.4000	2.1800-2.1840	Portugal	91-97
New Zealand Dollar	1.8910-1.9010	0.9376-0.9407	Spain	144-149
Saudi Arabia Riyal	6.65-6.75	3.3160-3.3200	Switzerland	3.25-3.35
Singapore Dollar	4.3300-4.3450	2.1600-2.1608	United States	2.0075-2.0175
South African Rand	1.7369-1.7631	0.8635-0.8765	Yugoslavia	41-44

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Dec. 20	Pound Sterling	U.S. Dollar	Deutschemark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.012	3.703	391.0	8.463	3.300	4.008	1667.	2.376	58.58
U.S. Dollar	0.497	1.	1.841	194.4	4.207	1.641	1.991	828.7	1.181	29.08
Deutschemark	0.270	0.543	1.	105.6	2.286	0.891	1.082	450.2	0.642	15.80
Japanese Yen 1,000	2.558	5.145	9.469	1000.	21.64	8.440	10.24	4263.	6.077	149.6
French Franc 10	1.182	2.377	4.375	462.0	10.	3.900	4.733	1970.	2.808	69.15
Swiss Franc	0.303	0.610	1.122	118.5	2.564	1.	1.214	505.2	0.720	17.75
Dutch Guilder	0.250	0.502	0.924	97.63	2.113	0.824	1.	416.2	0.593	14.61
Italian Lira 1,000	0.600	1.207	2.221	234.6	5.076	1.980	2.403	1000.	1.425	35.09
Canadian Dollar	0.421	0.847	1.558	164.6	3.562	1.389	1.686	701.6	1.	24.62
Belgian Franc 100	1.709	3.438	6.329	668.4	14.47	5.641	6.846	2850.	4.062	100.

EURO-CURRENCY INTEREST RATES

Dec. 20	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	11¼-11½	10¼-10½	7½-8½	10-10¼	-⅛-1/16	2-2⅛	7⅝-7⅞	11-14	—	⅛-2
7 days' notice	12¼-12½	10½-10⅞	7½-8½	10-10¼	-⅛-1/16	2-2⅛	7-7¼	12-14	11 5/16-12 1/16	-⅛-1/16
Month	12¼-12½	10⅝-10⅞	9 13/16-10 1/16	9⅝-9⅞	-⅛-¼	3½-3⅝	8-8¼	14-15	10 9/16-10 11/16	⅝-¾
Three months	13-13⅜	11 1/16-11 3/16	10¾-11⅛	9½-9¾	par-⅛	3½-3⅝	8⅛-8⅜	15½-16½	11 1/16-11 3/16	¾-1⅛
Six months	13 5/16-13 11/16	11 5/16-11 7/16	10⅞-11¼	8⅞-9⅛	⅝-⅞	3 5/16-3 7/16	9-9⅜	15-16	11⅞-12	2¼-2⅝
One year	13 7/16-13 13/16	11 15/16-12 1/16	10 15/16-11 1/16	8¼-8½	⅞-1	13⅛-13 5/16	10-10⅜	15½-16½	11⅞-12	2 7/16-2 11/16

The following nominal rates were quoted for London dollar certificates of deposit: one month 11.10-11.20 per cent; three months 11.80-11.90 per cent; six months 12.25-12.35 per cent; one year 11.70-11.80 per cent.

Long-term Eurodollar deposits: Two years 10⅞-11 per cent; three years 10¾-10⅞ per cent; four years 10⅝-10¾ per cent; five years 10½-10⅝ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Further tightening by Fed

Interest rates received a further tightening from the *Federal Reserve in New York* yesterday. With Federal funds at 9 15/16 per cent, the authorities intervened to drain money from the market, by way of overnight reverse repurchase orders. Fed funds then moved up to 10-10⅛ per cent, which is presumed to be the new target rate set by the Federal Reserve. Earlier in the day Chemical Bank became the first major U.S. bank to lift its prime rate to 11¾ per cent, from the previous common level of 11½ per cent.

BRUSSELS—Deposit rates for the Belgian franc were firmer, with one-month rising to 9¾-10 per cent from 9 9/16-9 11/16 per cent; three-month to 9⅝-9⅞ per cent from 9½-9⅝ per cent; six-month to 8⅞-9⅛ per cent from 8¾-9 per cent; and 12-month to 8¾-9 per cent *from 8⅝-8⅞ per cent.*

PARIS—Money market rates were unchanged at 6¾ per cent for day-to-day; 6 9/16-6 11/16 per cent for one-month; 6⅝-6¾ per cent for three-month; 6 13/16-6 15/16 per cent for six-month; and 7 1/16-7 3/16 per cent for 12-month.

MILAN—Call money was unchanged at 10½-10¾ per cent; one-month at 11-11⅛ per cent; two-month at 11-11⅛ per cent; and three-month at 11¼-11⅜ per cent.

FRANKFURT—The net currency reserves of the West German Bundesbank fell by DM500m in the second week of December to DM100.2bn (£27bn). Other reserve assets were unchanged at DM4.2bn (£1.1bn). The fall was partly the result of support operations for the dollar by the U.S. Federal Reserve. This is the fourth successive week in which the monetary reserves have fallen. The decline so far this month totals DM1.1bn, compared with a net rise of DM1bn in November.

Call money fell to 2.95-3.05 per cent from 3.35-3.45 per cent; while one-month and three-month were unchanged at 4.10-4.20 per cent. Six-month funds rose slightly to 4.15-4.25 per cent; and 12-month money was quoted at 4.25-4.30 per cent, compared with 4.15-4.30 per cent previously.

HONG KONG—The money market was stable, with call money at 9⅝ per cent, and overnight at 8⅝ per cent.

GOLD

Steady trend

Gold showed a much steadier trend in yesterday's London bullion market, and it closed $⅞ an ounce lower at $215¾-$216. In fairly active trading, the metal opened at $219½-$220, which represented the day's high, and eased to a morning fixing level of $216.75. The afternoon fixing showed little change at $216.60, with gold falling off towards the close in reaction to the dollar's firmer trend in late trading.

	Dec. 20	Dec. 19
Gold Bullion (a fine ounce)		
Close	$215¾-216	$216-217
Opening	$219½-220	$216½-217
Morning fixing	$216.75	$220.85
	(£107.302)	(£109.246)
Afternoon fixing	$216.60	$216.50
	(£107.361)	(£107.462)
Gold Coins domestically		
Krugerrand	$223-230	$221-225
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	[illegible]	[illegible]
Gold Coins Internationally		
Krugerrand	[illegible]	[illegible]
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	[illegible]	[illegible]
$20 Eagles	[illegible]	[illegible]
$10 Eagles	[illegible]	[illegible]
$5 Eagles	[illegible]	[illegible]

UK MONEY MARKET

Moderate assistance

Bank of England Minimum Lending Rate 12½ per cent (since November 9, 1978)

Day-to-day credit was in slightly short supply in the London money market yesterday, and the authorities gave a moderate amount of assistance by buying a moderate number of Treasury bills from the discount houses, and a small amount of local authority bills.

There was a fairly large net take-up of Treasury bills to finance, and the market was also faced with a slight excess of revenue payments to the Exchequer over Government disbursements, and a small rise in the note circulation. On the other hand banks brought forward surplus balances, and market sources suggested that money coming across the foreign exchange was another favourable factor.

Discount houses paid 11½-12 per cent for secured call loans in the early part, and closing balances were taken at 10½-11½ per cent.

In the interbank market overnight loans opened at 11⅝-11⅞ per cent, and remained around 11-11¼ per cent for most of the day, before rising sharply to 13-14 per cent in the afternoon, and closing at 12-12½ per cent.

LONDON MONEY RATES

Dec. 20 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills	Eligible Bank Bills	Fine Trade Bills
Overnight	—	11-14	—	—	—	11¾	10½-12	—	—	—
2 days notice	—	—	11⅝-11⅞	—	—	—	—	—	—	—
7 days or ...	—	—	—	—	—	12	—	—	—	—
7 days notice	—	11¼-11½	11⅞-12	—	12⅛	—	11¼-11½	—	—	—
One month	11 11/16-11 13/16	11⅞-12	12	12-12⅜	12¼	12⅜	11½-11¾	11 1/16-11⅛	11 9/16	12¼
Two months	12 1/16-12 3/16	12⅛-12¼	—	12⅛-12½	12⅛	13	11⅝-11¾	11 9/16-11 11/16	12	12⅝
Three months	12 1/16-12 3/16	12 3/16-12 5/16	12 1/16-12⅜	12⅛-12⅝	12¾	—	11¾-11⅞	11 11/16	12 1/16	12½
Six months	12 1/16-12 3/16	12¼-12⅜	11⅞-12⅛	11⅞-12¼	12¾	—	—	—	11⅞	13
Nine months	12-11¾	12 1/16-12¼	—	12-12⅜	12½	—	—	—	—	—
One year	12-11¾	12 1/16-12¼	11¾-11⅞	12-12⅜	12⅜	—	—	—	—	—
Two years	—	—	12-12⅜	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Long-term local authority mortgage rates nominally three years 12½-12¾ per cent; four years 12½-12¾ per cent; five years 12⅝-12⅞ per cent. ⊕ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12 per cent; four-month trade bills 12¾ per cent.

Approximate selling rates for one-month Treasury bills 11 9/16-11⅝ per cent; and two-month 11 7/16-11 9/16 per cent; three-month 11 9/16 per cent. Approximate selling rate for one-month bank bills 11 11/16 per cent; two-month 11¾ per cent; and three-months 11 15/16-11 31/32 per cent; one-month trade bills 12¼ per cent; two-month 12½ per cent; and also three-month 12¾ per cent.

Finance House Base Rates (published by the Finance Houses Association) 11½ per cent from December 1, 1978. Clearing Bank Deposit Rates for small sums at seven days' notice 10 per cent). Clearing Bank Base Rates for lending 12½ per cent. Treasury Bills: Average tender rates of discount 11.5769 per cent.

MONEY RATES

NEW YORK	
Prime Rate	[illegible]
Fed Funds	[illegible]
Treasury Bills (13-week)	[illegible]
Treasury Bills (26-week)	[illegible]

GERMANY	
Discount Rate	[illegible]
Overnight	[illegible]
One month	[illegible]
Three months	[illegible]
Six months	[illegible]

FRANCE	
Discount Rate	[illegible]
Overnight	[illegible]
One month	[illegible]
Three months	[illegible]
Six months	[illegible]

JAPAN	
Discount Rate	[illegible]
Call (Unconditional)	[illegible]
Bills Discount Rate	[illegible]

FOREIGN BANKS IN SOUTH KOREA

Why the boom times are over

BY RICHARD C. HANSON, recently in Seoul

THE BOOM times for foreign banks willing to open branches in Seoul, capital of South Korea, have been officially declared over by the finance ministry. The foreigners, while grumbling about restrictions being put on their activities, are having to adjust to changes in South Korean priorities and problems.

Foreign bankers came to South Korea in droves during the past two years. More than half of the 30 banks authorised to set up branches entered during 1977 and 1978.

They were lured by a tremendous surge of demand for foreign funds which made for quick profits soon after opening for business. The aggregate loans of foreign bank branches increased by an annual average rate of 65 per cent from $38m in 1971 to $845m in 1977, while total deposits grew from $18m to $198m.

Over the past two years, however, the Government has grown much more concerned with the inflationary impact on the economy of an unrestricted inflow of short-term foreign capital. It has, as a result, imposed measures to control it.

The Finance Ministry declared a moratorium on allowing additional foreign banks to set up shop in Seoul where the foreigners already outnumber the 23 Korean deposit taking banks. Officials want to raise the sophistication and level of international activities of the domestic bankers. They also aim to foster a much more competitive banking atmosphere ultimately that could mean better terms for borrowers, probably at the expense of foreign bank profitability.

In 1975 troubles with the balance of payments led to an unprecedented $200m syndicated loan to the Bank of Korea by 28 foreign banks headed by Citibank. The sharp rise of oil prices and worldwide recession had threatened the economy. The Korean strategy to push ahead forcefully with exports—*relying on heavy short-term* borrowing at commercial rates—succeeded in both restoring economic growth and balancing the current account of 1977.

The finance ministry since 1976 has been placing increasingly tight restrictions on the ability of foreign banks to swap foreign currencies into Korean Won (set officially at 484 Won per U.S. dollar) in order to curb the increase of lending and its effect on a ballooning money supply. For the newer banks arriving in 1977 this meant a set ceiling of $10m each and a limit for the older established banks based on past performance and further cuts for 1978 generation banks. In November, the finance ministry set a swap limit for all banks over the next five quarters (from October this year) of only $6m. Tighter limits have been placed on the amount of foreign currency lending related to the promotion of exports the banks can do. They may be raised only if banks are willing to lend to Koreans without the luxury of guarantee by one of the local banks.

Bankers say the new restrictions have exhausted some of their capability to lend. They clearly do not like the Government policy of giving all of the foreign banks equal limits, but the finance ministry believes that this will enhance the competition to lend from the more desirable *(for borrowers)* and flexible unsecured loan pool.

The swap facility last year enabled foreigners to lend a relatively high percentage of loans (38.2 per cent) in Won. There was some misdirected criticism by the local Press that high foreign bank profitability was a result of the favourable swap arrangement. The Bank of Korea, however, restricts the margin between the interest rate *on Eurodollar borrowings* and domestic Korean interest rates (now running at 18.5 per cent for prime borrowers) to about 1 percentage point to 1.5 point by taking what amounts to a commission.

The foreign bank share of the foreign currency loans was 66.4 per cent in 1977, up dramatically from 21.0 per cent in 1976. This was largely the result of the cut in swap limits which made direct foreign currency lending as profitable as lending the swapped local currency. The foreign bank share of local currency loans was 5.1 per cent, up from 3.7 per cent in 1976.

The future of the foreign banks may appear somewhat uncertain at the moment, particularly for the newer banks which are having to take losses in the process of starting operations under tight money conditions. (As a group, the foreign banks showed a pre-tax net profit last year of about $22m despite the late arrival losses.)

A foreign bank in Seoul now finds that the costs involved in running the day to day operation of the branch have risen to surprising levels, and may rival those of Tokyo.

Despite the present problems, the banks appear determined to stay. The potential that Korea offers for the future is thought to be better than that of just about any other place in the world.

Quebec plays the expropriation card in the Asbestos dispute

BY ROBERT GIBBENS Montreal

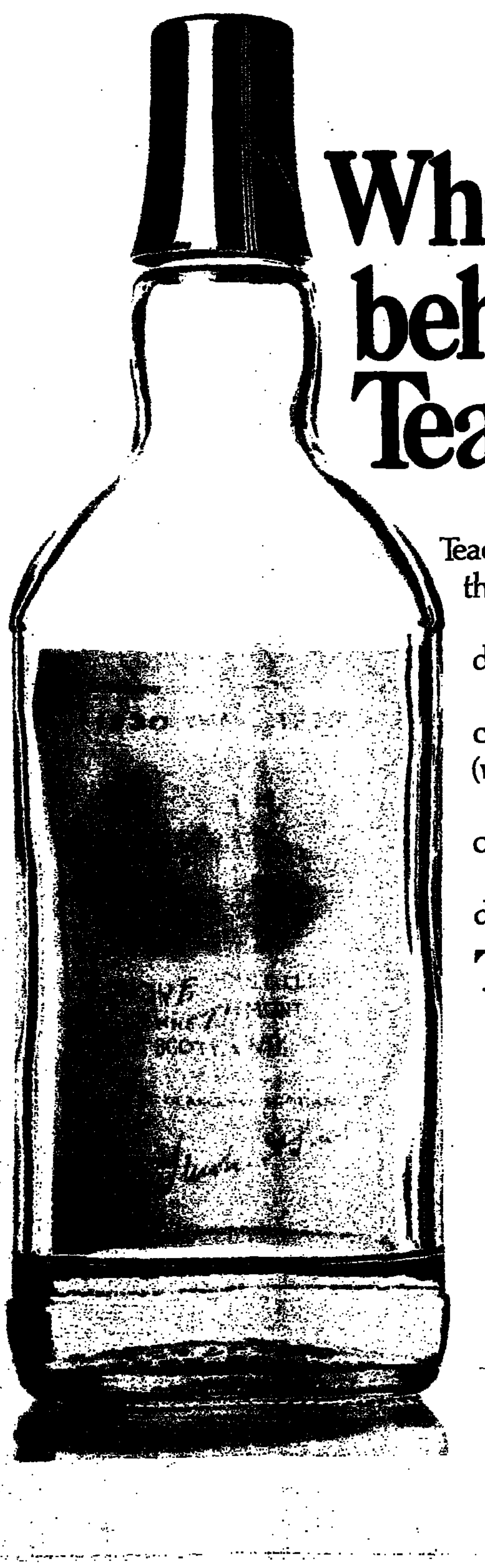
THE DECISION of the Quebec Government to introduce legislation giving it power to take control of Asbestos Corporation, the second largest asbestos producer in the Province and in Canada, would appear to represent the final step in a protracted debate between Quebec and *General Dynamics of the* U.S. That company holds 54.6 per cent of Asbestos.

The Government tabled a Bill *to that effect in the National* Assembly on Friday. There is little chance of it becoming law before the spring session opens in February.

The Parti quebecois Government of Premier Rene Levesque has said it is willing to pay $C40 to $C42 *per share to* General Dynamics. The U.S. company is asking $C100 a share. Because the Government regards the gap as "irreconcilable," hurried legislation giving powers of expropriation was tabled. All opposition parties *expressed their disagreement.* Premier Levesque told the Assembly that if General Dynamics was willing to come *down a bit on the asking price,* "so much the better." But if not, Quebec would become the owner of Asbestos. Industry sources do not believe that Mr. Levesque wants to use expropriation powers unless political circumstances force him to. He needs to maintain good relations *with Wall Street, because of his* Government's heavy borrowing programme for the James Bay hydro project and the continu*ing needs of the Province for* investment and jobs.

Negotiations with General Dynamics will resume after Christmas. However if agreement cannot be reached, then a three man board would eventually be set up under the Bill to fix a price at which the assets of Asbestos would be bought by the Province. General Dynamics would get its share of compensation and so would public shareholders on a per-share basis. The assets consist of large tracts, of land in the Thetford area, 75 miles north east of Montreal, the most prolific asbestos-bearing region in the West, mining and milling facilities, mining rights, plus mining facilities and a mineral lease in the Ungava region of the far North of Quebec. The asbestos *mining companies in most cases* actually own the land in Quebec, besides holding the mining rights. The Asbestos Corporation also controls a mill at Nordenham in West Germany.

General Dynamics would have the choice of taking its share of the compensation out of Canada or re-investing it. There are tax advantages to encourage the latter course, and other types of mining or the oil and gas industry would be possible targets.



INTERNATIONAL COMPANIES and FINANCE

NORTH AMERICAN NEWS

A and P's quarterly profit first since 1977

By Stewart Fleming

NEW YORK—The Great Atlantic and Pacific Tea Company, the second largest U.S. grocery store chain, has recorded its first quarterly profit since the fourth quarter of 1977. The company, which has been at best nominally profitable since 1971, has reported that in its third fiscal quarter ended November 25, it earned $1.5m or 6 cents a share on sales revenues of $1.88bn.

For the first nine months of the year A. and P. says that it has suffered a loss of $15.6m on sales of $5.56bn.

The latest figures underline again the company's continuing difficulties in trying to earn a satisfactory profit. Mr. Jonathan L. Scott, the company chairman, said that the figures confirmed his earlier remarks that A and P will have to take further consolidation steps in some areas, although he noted that the figures are a significant improvement on the second quarter loss of $6.9m which followed a first quarter deficit of $10m.

Intense competition in the supermarket field coupled with rising labour costs and increased costs of finance as interest rates rise are all contributing to A and P's problems.

In the past few months two large supermarket chains Allied Supermarkets and Food Fair Stores have both filed for protection under the bankruptcy laws.

Business growth slackens at American Telephone

BY TERRY BYLAND

NEW YORK — Sales and earnings at American Telephone and Telegraph continued to grow during the past three months, but at a slightly lower rate than the average for the 12 months to date. The company said the reported earnings reflect a California Public Utilities Commission order affecting Pacific Telephone and Telegraph, which on December 11 the U.S. Supreme Court declined to review.

For the three months to November 30, share earnings improved from $1.74 to $1.97, on total net increased by 18 per cent to $1.36bn. Sales, at $10.56bn were 12.2 per cent up.

For the 12 months to the same date, the company reported gains in net earnings of 18.8 per cent to $5.24bn, and in sales of 13 per cent to $40.7bn.

Despite the potential impact of the adverse decision in California, AT and T chairman, Mr. John D. Debutts, said it appears 1978 will be "our finest year ever."

American Telephone is America's largest business corporation with assets of around $98bn. On August 31, earnings were showing a 20 per cent growth rate and Mr. Debutts was hopeful of maintaining that rate for the rest of the year.

The 1977 results have been re-stated to reflect the California Commission's order. That order, currently in abeyance, would require Pacific Telephone to lower rates and refund substantial revenues already collected. The order is based on a rate-making method that the Internal Revenue Service has ruled would make Pacific Telephone ineligible for the Federal Income Tax benefits of accelerated depreciation and the investment tax credit.

As a result, Bell System earnings have been re-stated for the applicable accounting periods although final determination of eligibility may not occur for several years. The earnings reflect the results as if the refunds had been made and the tax consequences realised even though the matters remain to be resolved. The cumulative effect is to lower Bell System net income by $71m for the latest 12-month period by $62m for the 12 months ended November 30, 1977, and by $80m for the period 1974 to November 30, 1976.

Top bank officer resigns

BY OUR OWN CORRESPONDENT

NEW YORK—Policy disagreements at the top of European American Bank, one of the leading foreign banks in the United States, has lead to the resignation of the second-ranking officer, the president, Mr. Klaus Jacobs.

The reasons for his decision to quit have not been disclosed by the bank which stated only that the resignation would be effective December 31, and that a new president would be elected shortly.

A bank spokesmen said "a series of little things culminated in the decision by Mr. Jacobs to resign." Asked if one of the areas of disagreement might be the company's retail branch network, the spokesman said he did not believe it was, but rather it was "how the bank is run as a totality."

European American Bank is owned by six of Europe's largest commercial banks, Midland Bank of Great Britain, Deutsche Bank of Germany, Amsterdam-Rotterdam Bank, Societe Generale of France, Societe Generale de Banque S.A. of Belgium and Creditanstalt-Bankverein of Austria.

Total assets of EAB at the end of 1977 were $4.9bn and its net income in that year was $9.5m.

EUROBONDS

Seasonal factors affect trading activity

BY MARY CAMPBELL

THE DOLLAR straight market continued to fall yesterday in quiet trading conditions.

Dealers, anxious not to open new positions before the year end and gradually dispersing for Christmas, cut their activity as much as possible.

Interest rates and yields in the Eurodollar interbank and CD market continued to shift up, following credit-tightening measures by the Federal Reserve and Chemical Bank's move to an 11¾ per cent prime rate.

Eurodollar CD's issued by prime U.S. banks in the aftermarket were quoted at between 12.10 and 12.15 per cent—up around another 20 basis points.

The European Coal and Steel Community's controversial 20-year issue opened at a striking discount after allotments which were, to say the least, generous. S. G. Warburg, the lead manager, started trading at a defensive 97 bid—a full two point discount from the issue price—but quickly cut its quotation to 96¼ bid. At this level, it took in no more than the real panic sellers.

The other issue which started trading yesterday was the $100m Bank fur Gemeinwirtschaft floater. Not least because of its relatively long maturity this had not been very popular and the opening bid price of 97¾ quickly fell to 97½. Dealers commented that the issue would probably have fallen further if it were not for the early January date of the first coupon fixing—the fact that dealers expect further rises in interest rates meant that they were less inclined to sell.

Final terms of the Brown Boveri U.S. dollar convertible were fixed last night. The coupon was cut to 4¼ per cent from the indicated 4½, with pricing at par.

Sharp rise in Dean Witter earnings

By Our Financial Staff

A GAIN of just over 50 per cent in net income is reported for the first quarter of this year by Dean Witter Reynolds Organisation, the major securities house. Revenue increased by 115 per cent to $130.1m in the same period.

The company comments that the figures reflect the acquisition of Reynolds Securities, which took effect on January 3 this year and was accounted for by the purchase method.

IBM pays more

International Business Machines, the world's leading computer manufacturer, is increasing its quarterly cash dividend by 56 cents to $3.44 a share and the board has voted to recommend a four-for-one share split. This would involve the issue of three additional shares for ach share held as soon after May 10 as possible.

Bid withdrawn

CENTRAL and Eastern Trust Company has withdrawn its C$138 bid per share for Credit Foncier Franco-Canadian, the Montreal mortgage company with assets of more than $C1bn, reports our Montreal correspondent.

Central and Eastern said it is convinced the Quebec Government would not allow it to acquire control of Credit Foncier.

American Cyanamic

American Cynamid expects 1978 earnings to top the previous yearly record of $3.24 per share set in 1974, which included a 17 per cent gain from discontinued operations, reports Reuters from Boston. In 1977, Cynamid earned $2.92. Sales are expected to exceed $2.7bn, up more than 12 per cent from the last year's $2.4bn.

EDS steady

Electronic Data Systems expects second quarter earnings approximately equal to first quarter net earnings of $5.5m or 43 cents a share on revenue of $63.5m, AP-DJ reports from Dallas. In the second quarter last year the company reported a net of $4.8m, or 37 cents on revenue of $49.9m. The second quarter end: December 31.

Carborundum option

Carborundum Company, the Kennecott Copper unit at the centre of the controversy between Kennecott and Curtiss-Wright, could become an independent company again, reports Reuters from New York. This option and others will be considered by a three-man special committee on the Carborundum issue formed as part of the settlement between the two companies.

Basic agrees to bid

Directors of Basic Incorporated unanimously approved and recommended to shareholders, the agreement under which Basic Inc. will be acquired by Combustion Engineering, reports AP-DJ from Cleveland.

Reorganisation proposal for Statsfoeretag

BY WILLIAM DULLFORCE, NORDIC EDITOR

STOCKHOLM — Statsfoeretag, the Swedish state holding company which turned in a loss of of SKr 1bn ($223m) on a SKr 9.2bn turnover last year, should be reorganised into three units, according to Mr. Gunnar Soeder, the investigator appointed by the previous non-socialist Government to advise on their management of the Swedish state companies.

The reasons given for the reorganisation are thta Statsfoeretag cannot cope with the financing of the mining and steel companies, which have been making heavy loses, and that a separate company is needed for those operations with expansion possibilities. The drain of capital from the profitable companies to the loss-makers would be avoided under the new organisation.

Mr. Soeder proposes the establishment of a company, Strukturfinans, which would cover the loss-making companies such as the LKAB iron mining concern, the newly formed SSAB steel company, in which Statsfoeretag has a half share, Berol Kemi, the chemicals company, and Fiser, the state textiles concern. Svenska Varv, the new state shipbuilding company, would also be included in this company once it had been reduced in size and stabilised.

The majority of the shares in Strukturfinans would be owned directly by the state, with Statsfoeretag holding only a minority share. This arrangement would relieve Statsfoeretag's balance sheet of the losses made by the heavy operations at the same time as its minority holding would give it an incentive to work for profit, Mr. Soeder suggests.

The second company would be called Statsinvest and would gather all the state companies which are expanding or which have sound developments prospects. The remainder of the 30 subsidiaries would continue to come directly under Statsfoeretag.

Mr. Soeder also suggests that Foerenade Fabriksverken, the state ammunition and armaments company be transferred to the Statsfoeretag group and that the aborted merger between ASSI, Statsfoeretag's pulp and paper company, and the state forestry company, Domaenverket should be reconsidered.

The formation of Statsinvest is perhaps the most interesting of Mr. Soeder's suggestions. He sees this company as the expanding element of the Statsfoeretag group, co-operating with private companies and with profit targets similar to those placed on companies listed on the stock exchange.

Mr. Coeder does not exclude the possibility of a stock exchange listing for Statsinvest, whose shares could be open to subscription by private investors. Statsinvest is described as "mixed economy instrument" which would give the Government greater possibilities of contributing to Swedish industrial development.

Messerschmitt sees increase in profits

BY OUR FINANCIAL STAFF

INCREASED profits for this year and sales growth of at least a quarter in 1979 are forecast by Messerschmitt-Boelkow-Blohm (MBB), the West German aerospace group.

Management board member Johannes Borschwitz told a press conference in Munich that the company's net earnings for 1978 would "improve" on the DM 10.1m ($5.5m) achieved during 1977. He added that group turnover during the coming year would rise to around DM 2.5bn which compares with sales projections of DM 2bn by MBB for 1978.

The group order book at the end of November had expanded by some 14 per cent compared to its level ten months earlier. End-November orders totalled DM 4bn, whereas at the end of 1977 they had stood at DM 3.5bn. The upsurge was largely attributed to heavy demand for military equipment.

Management Board chairman Gero Madelung said group investments would total DM 260m over the six years between 1978 and 1983. A large part of the capital outlay will focus on the expansion of Airbus production.

Touching on the negotiations aimed at a merger with the German arm of the Dutch-German Fokker-VFW aero space group, Herr Madelung said the German branch must first complete discussions to separate itself from its Dutch partner.

● Bayerische Motorenwerke AG will reduce production from mid-January because of the three week old steel strike in the Ruhr area, Reuter reports from Munich.

Deutsche Babcock lifts sales and earnings

OBERHAUSEN—Higher profits and sales for the year ended September 30 were unveiled yesterday by West German engineering company, Deutsche Babcock AG.

Sales rose by 16 per cent to DM 3.71bn during the year. But the company's Press conference declined to spell out the actual level of earnings. However, a Deutsche Babcock spokesman later told Reuter the net profits last year were DM 9m higher than the DM 26m of 1976-77.

The company described last year's outcome as satisfactory, adding the company's future depends above all on foreign orders. The current year has begun with a "satisfactory level of incoming orders to add to the already high order book.

Exports increased their share of turnover to 50 per cent from 35 per cent. Group order book expanded to DM 8.40bn from DM 8.25bn with export orders forming 81 per cent of total, compared to 77 per cent a year earlier. Incoming orders totalled DM 4.58bn last year, against DM 4.43bn in 1976-77.

An unchanged dividend will be proposed at the annual meeting on March 14. Due to the corporation tax law effective since fiscal 1977 domestic holders of ordinary shares will be entitled to a DM 4.50 tax credit, making a total effective payout of DM 12.50 per share.

● Gutehoffnungshuette, West Germany's largest mechanical engineering group, announced a rights issue aimed at raising DM 44.1m ($24m). It involves increasing the concern's DM 425m nominal capital by DM 20.7m.

Shareholders are being offered the newly created shares on a one-to-20 basis, and at a price of DM 100 per share. Yesterday, the concern's DM 50 nominal shares were trading at DM 234.20.

Earlier this month, GHH said that group net profits had fallen by DM 1bn to DM112.4m in the year to June 30, with turnover up 2.8 per cent to DM12.4bn. It proposed an unchanged cash dividend of DM6 per DM50 share. New orders in the 1977-78 financial year showed little change, though the actual backlog was 8.5 per cent higher.

Currency swings hit Roche

By John Wicks

ZURICH—Group turnover of the Hoffmann-la Roche concern, including sales of companies controlled by the Canadian holding company Sapac, will be down by some 12 per cent this year. This would mean a drop from SwFr 5.488bn ($3.42bn) last year to about SwFr 4.83bn ($3bn).

This expected fall is due solely to the appreciation of the Swiss franc. In terms of local currencies, turnover rose in some cases substantially this year. With unaltered exchange rates, combined Roche/Sapac sales would have shown a rise of 7 per cent, or about SwFr 1bn, over the previous year.

Consolidated earnings in Swiss francs show a further decline on 1977, when they dropped to SwFr 355.9m. Cash flow, last year at a consolidated level of SwFr 680.5m after SwFr 788.4m in 1976, was "on the whole satisfactory." Although the Roche communique does not mention dividend, it is assumed this will remain at SwFr 550 per share, since this sum has already been announced for payment of the twinned Sapac share for the holding company's financial year 1977/78.

Siemens offer to Tandberg

By Our Financial Staff

OSLO — Siemens is prepared to participate in a company based on retaining the production of the Data Products operations of the troubled Norwegian electronics group, Tanberg Radio Fabrikk. It is of "major importance to Siemens that a contract between the Data division of Tanberg and Siemens is fulfilled or Siemens would be put at a lasting disadvantage," the company said.

Prime Minister Nordli said the Government has postponed a decision whether to ask parliament to appropriate NKr 50m ($10m) to set up a new interim company, which should secure continued operation of profitable parts of Tandberg.

Reuter

VAN DOORNE TRANSMISSIE

Bridging the development frontier

BY CHARLES BATCHELOR

THE AGREEMENT between Fiat, Borg-Warner and the small Dutch company, Van Doorne Transmissie, for the Italian and American companies to take shareholdings in Van Doorne's capital opens up interesting prospects for its "transmatic" gear box.

The financial links with a car manufacturer and with a producer of automatic transmissions gives Van Doorne substantial commercial support without an injection of new capital and the support that the two companies have promised the "transmatic" might have gone the way of many other good ideas which could not be properly developed or marketed. The tie-up with Fiat and Borg-Warner has also led to the Dutch government promising extra aid.

The Italian car group and the U.S. concern, which manufactures air conditioning and building products, chemicals and plastics, as well as car and truck components, will each put up Fl. 14.4m ($7.2m) for a 24 per cent shareholding in Van Doorne, whose share capital will be doubled to Fl.60m ($30m). The Van Doorne family interests, represented by the Vado Holding Group, will raise Fl. 1.2m of new capital but will see their stake, in percentage terms, reduced to 39½ per cent from the existing 75 per cent.

The Government holding of 25 per cent will be formally halved to 12½ per cent although its equity investment in cash terms will be unchanged.

The Government will also provide about Fl. 40m in the form of a subordinated loan Fl. 25m), a development credit (Fl. 10.4m) and regional development aid. The regional funds are theoretically limited to Fl. 4m but this sum can be increased at the discretion of the economics minister.

For their part Fiat and Borg-Warner are buying, for a fairly modest sum, into a project which could bring major changes in the vehicle transmissions market. The "Transmatic" is still some years away from mass production but it already has 12 years work behind it. Dutch interests retain a majority stake, however, and the exclusive rights to the know-how and patents are held by Van Doorne.

New partners

"The new partners concluded, after a thorough investigation, that the "Transmatic" is the furthest developed continuously variable transmission in the world. They are of the opinion that it could form the next generation of automatic transmissions," the Van Doorne management has declared.

The heart of the "transmatic" system is a steel belt similar to a flexibile metal watch strap, consisting of v-shaped links mounted on a number of thin steel bands, which revolve round a conical pully. This differs from existing systems such as Van Doorne's "Variomatic" which is based on a rubber belt, and from systems using steel chains.

The advantages claimed for the "Transmatic" are numerous. It is relatively cheap to manufacture, although Van Doorne is still working on further cost cutting measures. It is light and delivers a lot of power which results in fuel savings. It is compact and so can be built into most cars without requiring modifications to existing design. Its flexibility means it can be applied in cars, heavy trucks and in stationary industrial applications such as machine tools.

It has already been sold around the world for industrial use but the Fiat-Borg-Warner agreement should open up new vehicle markets. Van Doorne is not restricted to these two companies however, and it has already established contact with most vehicle manufacturers in Europe, Mr. E. Hamstra, the company's managing director, said.

Work on the transmatic began in 1966, reputedly in the garden shed of Dr. Hub Van Doorne, one of the founding brothers of the family car and truck businesses. The first "transmatic" powered car was on the road in 1970 and two years later Van Doorne Transmissie was set up with a paid-up capital of Fl 15m. Originally intended for use in DAF cars the transmatic suffered from the decline in production volume at DAF which meant this plan could not be carried out.

Further delays were caused by a court battle with Volvo which claimed preferential rights to the transmatic by virtue of its holding in DAF cars. After the first decision went in Volvo's favour an appeal court ruled for Van Doorne. These differences have now been set aside and Van Doorne has a friendly relationship with Volvo, Mr. Hamstra said.

State stake

The appearance of Fiat and Borg-Warner on the scene at Van Doorne Transmissie mirrors the developments at the two other branches of the Van Doorne empire, DAF Car (now Volvo Car), and DAF Trucks. Volvo has a 55 per cent stake in Volvo Car after earlier holding as much as 75 per cent before the company's difficulties led to the Dutch state increasing its equity stake. DAF Trucks meanwhile is one-third owned by International Harvester, the U.S. manufacturer of farm equipment and heavy trucks.

In the case of Van Doorne Transmissie, however, the foreign interest has come at a much earlier stage in the company's life. The high costs of developing the "transmatic" mean Van Doorne does not expect to be making profits for some years yet. It is optimistic that the "transmatic" which is seen by some engineers as a revolution in transmission systems, will ultimately prove very profitable both for its old and its new shareholders.

هكذا من الأصل

SCA wants state aid in $114m investment

BY OUR NORDIC EDITOR

STOCKHOLM—Mr. Bo Rydin, managing director of Svenska Cellulosa (SCA), Sweden's largest pulp and paper conglomerate, has suggested that the state provide risk capital to help the Swedish pulp mills modernise their plant. His proposals come a few days before his board will decide on two SKr 500m ($114m) investments.

One concerns the installation of a fourth newsprint machine at the Ortviken mill, near Sundsvall, the other the rebuilding of the 270,000-tonne sulphate pulp mill at Ostrand, near Timra. The new paper machine would raise Ortviken's capacity from 330,000 tonnes to between 525,000 and 550,000 tonnes a year.

Mr. Rydin proposes the establishment of an "umbrella" company with both state and private pulp mill participation to provide the risk capital needed for the modernising and restructuring of the Swedish pulp industry.

The pulp mills have taken heavy losses over the past two years as a result of a fall in prices. The market has improved considerably this year and the pulp prices set for the first quarter of next year should return most mills to profit, but they lack the capital to modernise and keep up with their North American competitors.

Mr. Rydin's argument is that the privately-owned companies can take normal technical and commercial risks, but cannot be expected to take the added risk of incalculable changes in the exchange rate of the U.S. dollar. Market pulp prices are quoted in dollars and the decline in the dollar has delayed the profit recovery at the Swedish mills.

At the eight-month stage this year SCA reported a drop in group profit to SKr 167m ($38.8m) from SKr 243m in the corresponding period of 1977. Turnover was up by SKr 180m to SKr 1.57bn ($365m). However, the forest-based operations did better than expected and did not turn in the expected loss.

Borregaard forecasts downturn in earnings

BY FAY GJESTER

OSLO—Norway's Borregaard group, which spans wood processing, metals, fats, chemicals, textiles and foods expects net external sales to reach NKr 3.2bn ($640m) in 1978, more than 9 per cent up on 1977. Most of the increase represents sales from stocks.

Despite the higher sales, the group foresees poorer results this year than in 1977, when it made a pre-tax profit of only NKr 400,000 (before extraordinary items, but after ordinary depreciation of NKr 120.6m). No dividend was paid for 1977.

This year's difficulties included unfavourable currency movements, rising costs that were not matched by a similar rise in prices, and a delay in starting production at a new Norwegian chlorine plant in which Borregaard has a half share. Better results are expected next year, however.

Borregaard's liquidity continues satisfactory and the market for cellulose, paper and textile fibres has improved. For cellulose there are signs of a sellers' market developing.

● Dansk-Fransk Shipping Company, one of Denmark's oldest, has asked for the suspension of its share quotation on the Copenhagen Stock Exchange while a financial reconstruction is undertaken, writes Hilary Barnes from Copenhagen. The company has 13 vessels, including bulk carriers, ferries and an oil rig operating in the UK sector of the North Sea, and employs about 450 people. The company said it would seek to cut back on its activities and sell some of its vessels.

Dansk-Fransk made a loss of DKr 3.9m ($760,000) before tax and allocations on a turnover of DKr 441m ($86.5m) in 1977.

David Jones prepares to fend off takeover bid

BY JAMES FORTH

SYDNEY — Persistent speculation that David Jones, the major department store retailers, will receive a takeover bid has prompted the directors to take action to try to retain the support of shareholders. In a special circular to shareholders, Mr. Charles Lloyd Jones, the chairman of the group, said that it was apparent to the board that the concept of a David Jones takeover had been proffered to the company's competitors and to other parties potentially interested in the break up of the group's assets. But, he said that the company had not been directly approached by any parties in relation to a takeover.

Speculation over a bid has increased and Mr. Lloyd Jones told shareholders that it derived from the recent poor trading performance of the group's Australian operations, which had resulted in no dividend growth and a depressed share price.

He said the directors were aware of these problems and were trying to improve the present "very low" return on assets, but it took time for improved profitability to become apparent in a group with assets of A$276m (U.S.$317m) and a turnover of A$380m (U.S.$436m).

Mr. Lloyd Jones said the board would have a comprehensive revaluation of its assets carried out in the new year to "improve shareholder awareness of the real value of their assets." He said it was clear the current asset backing of A$2.59 a share would be increased after the revaluation.

David Jones shares are currently selling at A$1.31, which values the company at close to A$65m. The current asset backing values the company at about A$130m.

Japanese Government in higher bond issue plan

TOKYO — The Japanese Finance Ministry has told a syndicate of underwriters that it plans to issue Y16 trillion ($82.9bn) of national bonds in fiscal 1979 starting next April, compared with an estimated Y11 trillion in the current fiscal year.

The Ministry indicated, however, that the plan is tentative and may be changed following discussions between the Japanese Government and the ruling Liberal Democratic party.

The Ministry also told the syndicate that it plans to issue two-year and four-year interest-bearing bonds in fiscal 1979 in addition to the 10-year and three-year interest bearing bonds and five-year discount bonds it is already issuing.

The syndicate was asked by the Ministry to underwrite Y11.50 trillion out of the planned Y16 trillion total.

Of the remainder Y1.5 trillion will be bought by the Ministry's Trust Fund Bureau, which manages postal savings, with Y3 trillion; placed through public tenders.

Local banking sources said the Y3 trillion for public tenders will include Y2 trillion of three year bonds and Y500 bn each of two year and four year bonds.
Reuter

Taiwan SE price ruling

TAIPEI — The Taiwan Stock Exchange has announced that prices will be allowed to go up or down no more than 2.5 per cent in one day, after three days of sharp drops in the index totalling 61.65 points.

The exchange index fell 9.65 points on Friday, to 538.30, after 26-point drops on Monday and Saturday.

The Taiwan Securities Exchange Commission ordered the price ruling, cutting the permitted variation in half. It was the first such change since June, 1974, when the limit was raised from 1 per cent to 5 per cent. An Exchange spokesman said the limitation was expected to be temporary.

Within the first 15 minutes after the opening, 36 stocks had fallen the full 2.5 per cent, with no takers. By the end of the day, only three stocks out of the 86 listed had risen.
AP-DJ

Clal in venture with Shearson Hayden Stone

By L. Daniel

TEL AVIV — Clal, Israel's largest investment company yesterday formally announced the establishment of a joint venture with Shearson Hayden Stone of New York, to be known as Shearson Clal. It will be Israel's first specialised professional investment house, with services which will include foreign securities, options, commodity futures (in particular currencies and precious metals) and portfolio management.

Clal has also become an equal partner with Elron Electronics Industries of Haifa and with Control Data Worldtech. Worldtech (Israel) was incorporated a year ago and is active in seeking development projects and in raising finance for industrial and agricultural projects. In addition, it sells Israeli-developed technologies to companies and organisations abroad. Clal will, in the first instance, invest $65,000 in the partnership.

Clal Industries, a subsidiary of Clal, expects sales in 1979 to rise to I£10bn ($571m) from I£6bn and I£3.5bn in 1977. In other words, the growth in sales is expected to exceed the rate of inflation as it did between 1977 and 1978. The 1979 forecast includes anticipated exports worth $50m.

Companies in the group whose individual sales will exceed I£1bn includes Nesher, producers of cement. The company is planning the establishment of a fourth cement plant. Ourdan, producers of steel products intends to invest I£90m in a further expension of output.

Eastern Asia Navigation up

By Our Financial Staff

EASTERN ASIA Navigation, the chief publicly-listed arm of Sir Y. K. Pao's World-Wide Shipping group, raised net attributable profits by 8 per cent in the half-year to September 30 to HK$94.55m (U.S.$19.7m).

The company's earnings per share rose to 48 cents from 45 cents.

It is paying an interim dividend of 20 cents—19 cents last year—and expects the final dividend to be no less than the 30 cents paid last year.

Last year, Eastern Asia turned in a group profit of HK$174.5m, up nearly 7 per cent, which came as a surprise to some observers who had been expecting the problems of the Japanese shipping industry to spill over to the Hong Kong owners of Japanese-operated tankers.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on December 20

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aga Akt. 9½ 88	25	94½	95	−0⅛	−0⅜	10.12
Australia 8.45 83	175	95¾	96¼	−0¼	−1¼	9.34
Australia 9¼ 93	75	97½	98	−0⅝	−1½	9.43
Beatrice Foods 7⅞ 83	100	93½	94	−0⅛	−1¼	9.54
CECA 8⅞ 87	50	94½	95¼	+0⅛	0	9.62
CECA 9 83	25	96¼	96¾	−0⅛	−0⅞	9.45
CECA 9¼ 98	25	98¼	98¾	−0⅛	−0⅜	9.42
CNT 9 83	75	94¾	95¼	−0⅛	−1	9.63
Canada 9 83	250	94¼	94¾	0	−0⅛	9.32
Canada 8.20 85	250	93½	93¾	−0⅛	−1⅛	9.74
Canada 8¾ 98	250	92¼	92⅝	−0⅛	−1⅞	9.72
Canada 9 83	400	97⅞	97¾	−0⅛	−1¼	9.85
Canada 9¼ 98	350	97¼	98	−0⅛	−1⅛	9.73
Canadair 8¾ 83	70	94½	95	−0⅝	−1⅝	9.98
Dominion Bridge Co. 9 88	25	93½	93¾	−0⅛	−0⅛	10.24
EIB 9¼ 98	125	96½	97	−0⅛	−0⅞	9.72
Exportfinans 9 86	50	95½	96¼	−0⅛	−1	9.72
Finland 8¾ 83	100	95⅞	96¼	−0⅛	−1¼	10.08
Finland 9 88	100	95	95½	−0⅛	−1⅛	10.03
Hospital O/S 9 83	25	96½	97	−0⅛	−0⅛	9.87
Ind Finance 9¼ 90	20	91½	92	−0⅛	−1⅞	11.32
J. C. Penney 8¾ 83	100	95½	96	−0⅛	−1⅛	9.66
Mac Bloedel 9¼ 83	50	95¼	95⅞	−0⅛	−1⅛	9.84
NZ Dev. Fin. 8¾ 83	20	93½	93¾	−0⅛	−1	9.98
NZ Dev. Fin. 8⅞ 85	20	93¼	93¾	−0⅛	−1⅛	9.79
Nat. West. 9 86	75	96⅝	97⅛	−0⅛	−1⅛	9.53
Newfoundland 9½ 90	50	96½	97	−0⅛	−1⅛	9.72
Nord Inv. Bk. 8¾ 88	25	95⅛	95⅝	−0⅛	−1⅛	9.58
Norges Komm. 9¼ 88	75	96⅞	97½	−0⅛	−1	9.70
Norsk Hydro 9½ 94	90	96⅛	96⅝	−0⅛	−0⅞	9.68
Norway 7¾ 83	250	92½	93	−0⅛	−1⅛	9.98
Norway 8¾ 83	150	96¼	96⅝	−0⅛	−1⅛	9.96
Occidental 8¾ 85	75	92¼	92⅞	−0⅛	−1⅛	10.51
Ont. Hydro 8¾ 85	125	93½	94	−0⅛	−1⅛	9.83
Quebec Hydro 9½ 93	50	97⅛	97⅞	−0⅛	−1⅛	9.80
Sweden 9½ 98	125	97⅜	97⅞	0	−0⅛	9.75
UK 8¾ 85	200	95½	95⅞	−0⅛	−1	9.71
UK 9¼ 93	150	96½	96⅞	0	−0⅞	9.54

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 6½ 88	150	95½	95¾	−0⅛	0	7.15
Asian Develop. Bk. 5¾ 88	100	92½	92¾	−0⅛	−0⅛	6.62
Australia 6 88	250	101⅛	101⅝	−0⅛	+0⅛	5.77
Austria 5½ 90	150	94⅝	94⅞	+0⅛	−0⅛	6.41
Bankamerica 6¼ 88	150	99½	99¾	0	+0⅛	6.31
Bque. Ext. Algerie 7½ 85	100	96⅞	97½	−0⅛	−0⅛	7.87
CECA 6 88	150	96⅞	97⅜	0	−0⅛	6.40
Canada 4¾ 83	600	98¼	98¾	0	0	5.20
Chase Manhattan O/S 6 93	100	102⅛	102½	+0⅛	−0⅛	5.88
Commerzbank Int. WW 3½	100	103½	104	−0⅛	−0⅛	3.34
Commerzbank Int. XW 3½	100	83	83½	+0⅛	+0⅛	5.94
Copenhagen City 6 90	75	95½	95⅞	0	−0⅛	6.55
Council of Europe 6¼	100	99½	99⅞	+0⅛	−0⅛	6.19
Council of Europe 6¼	150	99⅞	100⅛	+1⅛	+1⅛	6.28
EIB 6 90	300	96¼	96⅝	−0⅛	−0⅛	6.44
Elf Aquitaine 5¾ 88	100	93⅝	94⅛	0	−0⅛	6.12
Finland 6 83	150	98⅝	98⅞	−0⅛	0	6.30
Hitachi Ship. 5¾ 83	50	100⅜	100⅞	0	−0⅛	5.60
IBJ 5 84	100	100½	100⅞	+0⅛	+1⅛	4.88
Indonesia 7 84	100	97¼	97⅞	−0⅛	0	7.57
Kobe, City of 5¾ 88	100	99⅞	100⅛	−0⅛	−0⅛	5.72
Light Servicos de Elet. ...	150	96⅝	97¼	0	−0⅛	7.28
Mexico 6 85	200	97⅞	98⅛	0	+0⅛	6.42
Mitsubishi Petro. 5¾ 85	100	100⅛	100⅝	+0⅛	+0⅛	5.68
Nippon Steel 5¾ 85	100	100⅛	100⅝	0	+0⅛	5.68
Norges Komm. 6 90	100	97	97½	−0⅛	−0⅛	6.34
Norway 4½ 83	250	96½	97¼	−0⅛	−0⅛	5.24
Norwegian Ind. Bk. 6 90	125	97	97⅜	−0⅛	−0⅛	6.33
Occidental 6¾ 90	150	97⅜	97⅞	0	−0⅛	7.03
OKB 6¼ 88	100	100⅛	100⅝	−0⅛	0	6.43
Petroleo Brazil 7 88	100	99	99½	+0⅛	−0⅛	7.12
PK Banken 5¾ 88	100	93⅞	94¼	−0⅛	−0⅛	6.66
Quebec, Province of 6 90	150	95⅝	96⅛	+0⅛	+0⅛	6.58
Ricoh 5½ 88	30	100	100½	−0⅛	−0⅛	5.18
Spain 6 88	200	95	95½	+0⅛	−0⅛	6.69
Statoil 6 88	150	98¼	98⅝	−0⅛	−0⅛	6.21
SDS Group 5¾ 83	45	97⅞	98	+0⅛	+0⅛	6.31
Venezuela 6½ 90	150	94⅞	95½	+0⅛	+0⅛	7.35
World Bank 6¼ 88	400	97⅞	98¼	0	−0⅛	6.55

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Acesa 5¾ 88	40	104	104½	+0⅛	+0⅛	4.69
American Exp. Int. 3½ 93	40	100	100½	+0⅛	+0⅛	3.49
Arlberg Tunnel 4 93	40	99⅞	100½	−0⅛	+0⅛	4.00
Austria 3½ 93	100	95⅝	96	+0⅛	+0⅛	3.87
Brazil 4½	100	97⅞	97½	+0⅛	+0⅛	4.58
Chase Manhattan 4 93	70	103⅛	103⅞	+0⅛	+1	3.66
Bankamerica 3¾ 93	80	101½	101⅞	+0⅛	+0⅛	3.64
BNDE 5 88	75	101½	101⅞	0	+0⅞	4.82
Denmark 4½ 98	100	†103	103½	−0⅛	−0⅛	4.14
Denmark-Mortgage Bk. ...	80	†103	103½	+0⅛	+0⅛	4.14
EIB 4½ 93	100	101½	101⅞	−0⅛	+1⅛	4.18
Euratom 4½ 93	80	100⅞	101¼	+0⅛	+1⅛	4.16
F. L. Smidth 4½ 89	25	101½	101⅞	−0⅛	+0⅛	4.29
Finland 4½ 93	80	103	103½	+0⅛	+0⅛	4.20
First Chicago 3½ 93	70	†97½	98	−2⅛	−2⅛	3.69
GZB 4½ 95	100	102⅛	102⅝	0	+0⅛	4.27
Hilti-Liechtenstein 4½ ...	25	103⅛	104⅛	−0⅛	+0⅛	3.88
ICI Fin. NV 4¾ 93	100	103½	104	+0⅛	0	3.39
Malaysia 4¾ 90	80	99½	100	0	+1⅛	4.76
Manitoba 4 93	100	101⅞	101⅞	−0⅛	+0⅛	3.85
Newag 4 93	70	100⅜	100⅞	+0⅛	+1⅛	3.93
Norges Komm. 4¼ 98	100	102⅛	102⅝	0	+0⅛	3.95
OKB 4 93	80	100¼	100⅝	+0⅛	+0⅛	3.96
Oy Nokia 5 90	20	103½	103⅞	+0⅛	+1⅛	4.61
Safe 4½ 98	30	102	102½	+0⅛	+1	4.05
Sandvik 4 88	85	102	102½	0	+0⅛	3.78
Seas 4¾ 88	15	103⅛	103⅝	0	+0⅛	4.85
Voest-Alpine 4½ 93	100	102	102½	−0⅛	+0⅛	4.30
Voralberg Kraft 4 93	30	101½	102	+0⅛	+0⅛	3.83
Vienna 4 93	100	101½	101⅞	+0⅛	+0⅛	3.89
World Bank 4½ 93	250	102	102½	0	+0⅛	4.45

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 5¾ 88	25	96¼	96¾	−0⅛	−0⅛	6.24
EFCE 6.4 90	30	95¼	96	+0⅛	+0⅛	7.08
Eurofima 6.3 90	10	96¼	97½	+0⅛	−0⅛	6.81
Norway 5.7 83	25	100¼	101⅛	0	+0⅛	5.44
SNCF 6.6 90	20	96⅝	97⅛	0	0	7.09
Sweden 6.3 90	40	95	95½	0	−0⅛	7.01

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Rank O/S Hold. 11½ A$	12	†95	96	−0⅛	+0⅛	12.82
Auto Cote Basq. 7 93 EUA	16	94⅞	95⅜	−0⅛	−1⅛	7.54
Copenhagen 7 93 EUA	30	94⅞	95⅜	−0⅛	−1⅛	7.55
Finland Ind. Bk. 7 93 EUA	15	95⅝	96⅝	0	−0⅛	7.44
Komm. Inst. 7½ 93 EUA	15	98	99	0	−0⅛	7.67
Panama 8½ 93 EUA	20	96½	97½	+0⅛	−0⅛	8.66
SDR France 7 93 EUA	22	96⅝	97⅜	−0⅛	−0⅛	7.32
Algemene Bk. 6½ 83 Fl	75	91½	91¾	0	0	8.63
Brazil 7½ 83 Fl	75	93½	94⅛	0	0	9.08
CFE Mexico 7½ 83 Fl	75	96⅝	97½	−0⅛	−0⅛	8.51
EIB 7½ 85 Fl	75	93½	93¾	0	+0⅛	8.54
Neder. Middenb. 6½ 83 Fl	75	93	93½	0	−0⅛	8.33
New Zealand 6¾ 84 Fl	75	91½	92¼	+0⅛	−0⅛	8.64
Norway 6½ 83 Fl	100	92½	93¼	+0⅛	+0⅛	8.54
OKB 6½ 85 Fl	75	89⅞	90⅜	+0⅛	−0⅛	8.53
Elf Aquitaine 9¾ 88 FFr	150	98¼	98¾	0	+0⅛	9.99
EIB 9½ 88 FFr	200	98¼	98⅝	+0⅛	+0⅛	9.96
Unilever 10 85 FFr	100	100¼	100⅞	−0⅛	+0⅛	9.89
BAT 8 88 LuxFr	250	95⅜	96⅜	0	0	8.60
Bayer Lux. 8 86 LuxFr	250	95½	96½	0	0	8.75
EIB 7¾ 88 LuxFr	250	95	96	0	0	8.44
Finland I. Fd. 8 88 LuxFr	250	95½	96½	0	0	8.62
Norway 7¾ 83 LuxFr	250	96¼	97¼	0	0	8.44
Renault 7¾ 88 LuxFr	500	96⅞	97⅞	−0⅛	−0⅛	8.14
Solvay Fin. 8 83 LuxFr	500	100¼	101¼	0	+0⅛	7.85
Swedish I. Bk. 8 88 LuxFr	500	99	100	0	0	8.07
Gestetner Hld. BV 11 88 £	10	88½	89½	−0⅛	+1⅛	13.04
Whitbread 10½ 90 £	15	85½	86½	+0⅛	0	12.94

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
American Express 8? 82	0⅛	98⅞	99⅜	20/4	10⅝	10.72
Arab Intl. Bank M6.5 83	0⅝	95⅞	96½	31/1	9⅝	9.78
Banco El Salvador M8 83	1½	96⅞	97½	12/4	11.31	11.66
Banco Nac. Argent M8 83	0⅞	96⅞	97⅜	21/1	9⅜	9.65
Bank Handlowy M8 88	1½	97⅝	97⅞	25/1	12.94	13.29
Bank of Tokyo M5½ 93	0⅛	96⅞	97⅛	18/4	10½	10.84
Banque Worms M5½ 85	0⅛	98½	98⅞	15/12	9	9.14
Bq. Ext. d'Alg. M8.375 84	0⅞	96⅞	97½	9/2	9⅝	9.94
Bque. Ext. d'Alg. M7.5 85	0⅞	95⅞	96½	2/5	12¾	13.32
Bque. Indo et Suez M5½	0⅛	98	98½	25/1	9⅜	9.54
Bq. Int. Afr. Occ. M6.5 83	0⅛	96⅜	97½	12/1	9⅜	9.66
CCCE M5.25 98	0⅛	96⅞	97⅜	3/2	9.19	9.46
CCF M5½ 85	0⅛	99½	99⅞	3/5	12¼	12.33
Chase Man. O/S M5½ 93	0⅛	97⅜	97⅞	27/1	9.31	9.54
Credit National M5½ 88	0⅛	97⅞	98½	11/1	9.19	9.39
Gotabanken M6 88	0⅛	97½	98	15/5	12.31	12.60
Ind. Bank Japan M5½ 85	0⅛	98¾	99¼	1/6	12.35	12.47
Ishikawajima M5¾ 85	0⅛	97¼	98	27/4	11½	11.51
Ljubljanska M7.75 85	1	95⅞	96⅝	19/1	10½	10.68
LTCB Japan M5½ 85	0⅛	98½	99	9/5	12.06	12.22
Midland Intl. M5½ 93	0⅛	97½	98	20/1	9.44	9.66
Nat. West. M5½ 90	0⅛	97⅞	98½	21/12	9.51	9.50
OKB M5¼ 88	0⅛	99⅝	99⅞	18/4	10.56	10.60
Offshore Mining 86	0⅛	98	98½	19/1	9.44	9.61
Privredna Banka M8 86	0⅞	95⅞	96½	22/12	—	—
Standard Chart. M5.5 90	0⅛	96⅝	97½	10/2	8.94	9.23
Sundsvallsbanken M6 85	0⅛	96¼	97	4/4	10.06	10.40
Utd. Overseas Bk. M6 83	0⅛	98½	99	4/5	12.31	12.47

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Asics 5½ 93	9/78	628	102¼	102¾	+0⅛	11.80
Baker Int. Fin. 5½ 93	1/79	34	†102¼	103	+0⅛	12.69
Boots 6½ 93	2/79	2.16	92½	93	+0⅛	−2.63
Coca-Cola Bottling 6¾	4/79	9	88⅞	90½	+0⅛	28.88
Ito-Yokado 5½ 93	6/78	1473	130½	131½	+1	0.93
Novo Industri 7 89	4/79	259	90	91	−0⅛	3.58
Texas Int. Air. 7½ 93	4/79	14.5	†87	88	−0⅛	18.02
Thorn Int. Fin. 7 88	11/78	3.67	102⅞	105½	+1½	−2.79
Tyco Int. Fin. 8½ 88	9/78	21	†98	99	−0⅛	13.34
Tyco Int. Fin. 5 84	5/78	61.5	†74	75	−1½	151.05
Asahi Optical 3½ DM	12/78	588	90⅞	91⅞	−1⅛	1.58
Casio Comp. 3½ 85 DM	11/78	841	100½	102¼	−0⅛	5.66
Izumiya 3½ 86 DM	10/78	989	95⅛	96¼	−0⅛	1.85
Jusco 3½ 86 DM	1/79	1270	91½	92⅜	−2⅞	15.48
Komishiroku 3½ 85 DM	1/79	612	93½	94¼	−0⅛	6.01
Marudai Food 3½ DM	2/79	1033	98¼	99	−0⅛	14.11
Murata Man. 3½ 86 DM	11/78	854	95½	95⅞	−0⅛	−1.06
Nippon Air. 3.5 88 DM	12/78	508	90	90⅞	−1⅛	2.93
Nippon Shinpan 3½ DM	8/78	732	112½	113	−1⅛	1.71
Nippon Yusen 3½ 85 DM	1/79	251	96½	97½	+0⅛	2.42
Nissan Diesel 3½ 88 DM	2/79	677	94	95	−0⅛	12.73
Olympus Optical 3½ 85 DM	2/79	703	97⅜	98½	−0⅛	−1.50
Ricoh 3½ 86 DM	10/78	617	100⅛	101¼	−0⅛	21.89
Sankyo Electric 3½ DM	8/78	869	109½	110½	0	9.69
Sanyo Electric 3½ DM	11/78	295	89⅞	90½	−0⅛	7.82
Seiyu Stores 3½ 88 DM	9/78	1275	111½	112½	−0⅛	−1.76
Sharp Corp. 3½ 88 DM	2/79	487	91⅞	92⅛	−1⅛	−1.93
Stanley Electric 3½ DM	11/78	625	93	94	−0⅛	11.46
Tokyo Electric 3½ 87 DM	4/79	476	96½	97½	+0⅛	−1.85
Trio-Kenwood 3½ 86 DM	11/78	712	87½	88½	−1⅛	9.95

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M=Minimum coupon. C.date=Date next coupon becomes effective. Spread=Margin above six-month offered rate for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

WORLD STOCK MARKETS

Dow regains 4 more in fairly active trade

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—80¾% (79¼%)
Effective $2.0110 39¾% (38¼%)

A BULLISH earnings report from American Telephone and *Telegraph encouraged further* bargain hunting yesterday on Wall Street, which recovered a little more of Monday's sharp setback.

The Dow Jones Industrial Average rallied a further 3.81 to 793.66 and the NYSE All Common Index closed 25 cents firmer at $52.83, while rises outnumbered declines by 814 to 667. There was another fairly active trade, with turnover amounting to 26.52m shares, slightly above Tuesday's total of 26.06m.

On Tuesday International Business Machines announced a stock split and raised its dividend, helping the market arrest Monday's steep slide.

Analysts said they were impressed by the market's ability to improve in the face of prospects for higher interest rates and inflation because of the 14.5 per cent OPEC oil price rise planned for 1979.

Yesterday morning, Chemical Bank raised its Prime Rate ¼ of a point to 11¾ per cent, and the *Federal Reserve apparently* tightened credit slightly.

Treasury Secretary Blumenthal said he ses inflation running at 7 per cent or slightly higher next year, up from his previous estimate of 6 to 6.5 per cent.

American Telephone, up ⅞ at $60⅝ in active trading, said profits for the three months ended November 30 rose to $1.36bn from $1.15bn a year ago.

IBM, also active, climbed 2½ to $284⅞ following a near 12-point rise the previous day. **Boeing**, which has received orders for three 747 jet planes from China, gained 2¾ to $71⅜ in an active business.

Lane Bryant advanced 4⅜ to $19½, while active **UV Industries**, which plans to sell some assets to Reliance Electric, added ⅛ at $22⅜.

General Dynamics rose $2 to $78. **Smithkline** 1¼ to $90, **Polaroid** ⅞ to $49⅜ and **Honeywell** $1 to $67½, but volume leader **Sears Roebuck** lost ⅛ to $20⅛.

Basic Inc. jumped 12¾ to $44⅞. **Combustion Engineering**, down ¼ at $32⅛, has agreed to buy Basic for $74m.

Massey-Ferguson climbed $1 to $9⅜ despite a large annual loss and a forecast of a loss for the current quarter.

Warner Communications, whose film "Superman" has grossed $7.47m in its first three days of release, said it has received $8.2m from the sale of its stake in National Kinney and repayment by Kinney of debt owed to Warner. Warner put on ⅞ to $47⅛.

Public Service Electric, which has cancelled a contract for four floating nuclear generators, slipped ⅜ to $20⅜. A block of 193,600 shares were traded at $20¼.

THE AMERICAN SE Market Value Index retrieved 1.02 more to 147.40 on volume of 3.63m shares (3.56m).

Resorts International "A" moved ahead 2¼ to $27⅜ after announcing plans for another Atlantic City hotel-casino adjacent to its existing operation.

Dome Petroleum climbed 3½ $78½ and **Adobe Oil** 1¼ to $18½.

Canada

Stocks again displayed a bias to higher levels in sharply increased activity. Volume in Toronto reached 5.63m shares (3.45m), while the Toronto Composite Index hardened 5.3 to 1,280.5. Oils and Gas advanced 16.3 to 1,780.9, while Metals and Minerals put on 4.4 to 1,066.8 and Utilities 0.73 to 193.69. Golds, however, reacted 11.8 to 1,406.4 after recent strength, while Papers shed 2.05 to 151.76 and Banks 0.95 to 304.80.

Tokyo

Shares were easier for choice on balance following a heavy turnover, a late wave of profit-taking having reversed an initial market advance.

The Nikkei-Dow Jones Average, was finally 8.65 down at 5,974.67 but the Tokyo S.E. index managed a net gain of 0.95 at 446.56. Volume reached 620m shares (470m).

Large-capital issues, including Steels and Heavy Electricals, *were bought selectively, but* Cameras and Pharmaceuticals closed lower on profit-taking.

Nippon Steel gained Y6 to Y136, **Hitachi** Y7 to Y265 and **Mitsubishi Heavy Industries** Y3 to Y127, but **Olympus Optical** lost Y8 to Y705 and **Canon** Y10 to Y465.

Electric Appliances and Petroleums also lost ground, with **Nippon Oil** falling Y32 to Y611.

Jusco rose Y30 to Y1,130, **Tokyo Electric Power** Y30 to Y1,090, **Aisin Seiki** Y29 to Y749, **Yokohama Matsuzakaya Department Store** Y28 to Y330 and **Tokyo Electric** Y24 to Y483.

On the other hand, **Yokogawa Bridge Works** declined Y110 to Y1,250, **Mochida Pharmaceutical** Y50 to Y1,510, **TDK Electronics** Y40 to Y1,760 and **Matsushita Communicatior Industrial** Y40 to Y1,760.

Germany

Stock prices were inclined to improve in slow trading, reflecting technical influences after the recent setback and year-end window dressing. The Commerzbank index regained 1.7 to 814.3.

Motors provided a particularly strong spot in **Volkswagen**, up DM 5.10 at DM 240.50, while rises of DM 1.50 were recorded in both **BMW** and **Daimler-Benz**.

Elsewhere, **Preussag** rose DM 4.30, **Degussa** DM 4, **Neckermann** DM 3.80, **Deutsche Conti Gas** DM 8 and **Bayernhypo** DM 4.50.

Deutsche Babcock gained DM 1 on news of higher 1977-78 earnings.

Public Authority Bonds sustained fresh losses ranging to 40 pfennigs, while the Bundesbank purchased DM 8.9m nominal of stock. Mark Foreign Loans were steady to higher.

Paris

The market remained in firmer vein in moderate activity, with some operators settling their positions ahead of the new monthly Account, which starts today.

Metals, Constructions, Banks, Hotels and Oils scored gains, but Chemicals were weak, while Mechanical and Transportation issues also mainly lost ground.

Stocks performing particularly well included **Carrefour, St. Gobain, St. Louis, Bouygues, Paribas, Borel, Chiers, Denain, BP** and **L'Oreal**.

In contrast, **Ski s Rossignol** receded 49 to FFr 1,850 and **Poclain** 10 to FFr 195.

Australia

The recent downward trend was partly reversed yesterday, when stocks closed with a firmer bias following moderate activity.

BHP rallied 6 cents more to A$8.74, while in the Oils sector, **Beach Petroleum** rose 6 cents, **Santos** 3 cents and **Woodside-Burmah** 2 cents.

Golds strengthened, with **Central Norseman** gaining 50 cents at A$13.00.

Uraniums were mixed, with **Peko-Wallsend** adding 20 cents at A$5.50 and **Kathleen** 5 cents at A$2.60 but **EZ Industries** losing 5 cents to A$2.90.

Elswhere in Minings, **CRA**, A$3.43, and **MIMI**, A$2.43, recouped 5 cents apiece.

In Retailers, **David Jones** put on 4 cents more to A$1.30, but the company stated that it had received no direct bid approaches. Sugar concern **CSR**, however, declined 7 cents to A$3.20.

Hong Kong

Market took a turn for the better, with sentiment partly boosted by higher profits from *Wheelock Marden*, announced after-hours the previous day. The Hang Seng index picked up 7.32 to 498.79.

Hong Kong Bank rose 40 cents to HK$17.30, **Hong Kong Land** 10 cents to HK$7.70 and **Swire Pacific "A"** 15 cents to HK$7.75. **Rubber Trust** moved ahead 20 cents to HK$4.40 after an assets revaluation.

Cheung Kong advanced 15 cents to HK$8.35 and **New World** 6 cents to HK$1.99.

Johannesburg

Golds closed in a mixed note after very quiet trading, with movements generally modest in either direction.

Other Metals and Minerals were equally quiet and little changed, while Industrials moved irregularly in thin dealings.

Amsterdam

Bourse prices were generally firmer, with **Hoogovens** and **Royal Dutch** gaining Fl 1.30 and Fl 1.1 respectively in Dutch Internationals.

Shippings strengthened, with **KNSM** rising Fl 1.2 to Fl 85.50, **Nedlloyd** Fl 2.30 to Fl 79.30 and **Van Ommeren** Fl 5.50 to Fl 143.50.

Elsewhere, **Ahold** hardened Fl 2, **Elsevier** Fl 3.50 and **Pakhoed** Fl 1.20.

State Loans were a shade easier where changed.

Brussels

Higher for choice after a moderate turnover.

In Steels, **Hainautsambre** advanced 54 to BFr 794, while Non-ferrous Metals had **Union Miniere** up 14 at BFr 726. In narrowly higher Oils, **Petrofina** edged up 5 to BFr 3,190. Chemicals were mixed.

Milan

Stock prices tended to gain ground on selective support.

Fiat rose 50 to L2,720 and **Pirelli Spa** 29 to L892, but **Italsider** declined 7 to L290.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax. ♥ Pta 500 denom. unless otherwise stated. ♣ DKr 100 denom. unless otherwise stated. ♦ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

Indices

NEW YORK—DOW JONES

	Dec. 20	Dec. 19	Dec. 18	Dec. 15	Dec. 14	Dec. 13	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
◆Industrials	793.66	789.85	787.51	805.35	812.54	808.68	907.74 (8/9)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'meB'nds*	85.05	85.24	85.54	85.69	85.61	85.57	90.85 (4/1)	85.05 (20/12)	—	—
Transport....	205.45	204.92	204.05	209.54	211.74	212.35	267.48 (8/9)	199.31 (9/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities.....	97.73	97.77	97.77	98.18	99.72	100.14	110.98 (3/1)	97.73 (20/12)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	26,529	26,060	32,900	23,920	29,880	22,580	—	—	—	—

– Basis of Index changed from Aug. 24. ◆ Day's high 797.30 low [illegible]

Ind. div. yield %	Dec. 15	Dec. 8	Dec. 1	(Year ago approx.)
	6.02	5.97	5.97	5.84

STANDARD AND POORS

	Dec. 20	Dec. 19	Dec. 18	Dec. 15	Dec. 14	Dec. 13	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
‡Industrials	105.45	104.84	105.83	105.93	106.71	108.65	118.71 (12/9)	95.52 (6/3)	134.54 (11/1/73)	3.52 (30/6/32)
§Composite	94.68	94.24	95.44	95.56	96.04	96.06	106.99 (12/9)	86.90 (6/3)	125.85 (11/1/73)	4.40 (1/6/32)

	Dec. 13	Dec. 6	Nov. 29	Year ago (approx.)
Ind. div. yield %	5.14	5.05	5.25	4.89
Ind. P/E Ratio	8.64	8.77	8.75	9.06
Long Gov. Bond yield	8.94	8.74	8.75	7.89

N.Y.S.E. ALL COMMON

Dec. 20	Dec. 19	Dec. 18	Dec. 15	1978 High	1978 Low
52.85	52.58	52.29	53.31	60.38 (11/9)	48.37 (6/3)

Rises and Falls	Dec. 20	Dec. 19	Dec. 18
Issues Traded	1,949	1,928	1,934
Rises	818	794	128
Falls	677	645	1,587
Unchanged	468	485	219
New Highs	9	5	1
New Lows	141	182	210

MONTREAL

	Dec. 20	Dec. 19	Dec. 18	Dec. 15	1978 High	1978 Low
Industrial	213.22	214.27	215.92	215.96	222.14 (1/10)	162.80 (13/2)
Combined	220.85	220.67	220.75	222.66	228.61 (12/10)	170.82 (30/1)
TORONTO Composite	1280.5	1275.2	1270.1	1285.8	1332.7 (12/10)	998.2 (30/1)

GERMANY ◆

Dec. 20	Price Dm.	+ or —	Div. %	Yld. %
AEG	76.8	+0.5	—	—
Allianz Versich.	504.5	—3.0	31.2	3.1
BMW	225.0	+1.5	28.12	6.3
BASF	133.3	+0.8	18.75	7.0
Bayer	135.5	+0.4	18.75	6.9
Bayer-Hypo.	312.5	+4.5	28.12	4.5
Bayer-Vereinsbk.	315.5	+0.5	28.12	4.4
CibaInt.Neherlnd	145	—13	—	—
Commerzbank	223.3	+1.5	26.56	6.0
ContiGummi	65.5	+0.5	—	—
Daimler-Benz	320.5	+1.5	28.12	4.4
Degussa	250.0	+4.0	26.56	5.3
Demag	171	+1	17.18	10.0
Deutsche Bank	303.6	+1.4	28.12	4.6

TOKYO ¶

Dec. 20	*Prices Yen	+ or —	Div. %	Yld. %
Asahi Glass	365	+5	14	1.9
Canon	465	—10	12	1.5
Casio	880		25	1.4
Chinon	362	+3	20	2.8
Dai Nippon Print	574	—1	18	1.6
Fuji Photo	635	—9	15	1.2
Hitachi	265	—7	12	2.3
Honda Motors	485	—9	18	1.9
House Food	1,030		35	1.7
C. Itoh	236		12	2.5
Ito Yokado	1,750	+20	30	0.9
Jaccs	735	+15	13	0.9
J.A.L.	2,830	—10	—	—
Kansai Elect. Pw.	1,180	+10	10	0.4

EUROPEAN OPTIONS EXCHANGE

Series		Jan. Vol.	Jan. Last	Apr. Vol.	Apr. Last	July Vol.	July Last	Stock
ABN	F.370	—	—	1	15.50	—	—	F.367
AKZ	F.25	5	3	—	—	—	—	F.27.90
AKZ	F.27.50	—	—	—	—	4	4.30	..
AKZ	F.30	34	0.30	60	2	10	3	..
AKZ	F.32.50	—	—	40	1	25	2	
ARB	F.70	—	—	—	—	15	9	F.74.50
ARB	F.75	—	—	—	—	10	5	..
ARB	F.78.90	—	—	1	2	—	—	
CSF	F.380	—	—	10	31.10	10	40.40	F.385
EK	$60	33	2	20	4½	—	—	$58⅝
EK	$70	20	⅛	—	—	—	—	
GOB	F.140	—	—	—	—	5	16.40	F.146.80
GOB	F.150	—	—	5	8.20	3	11.10	..
GOB	F.160	—	—	5	4.80	—	—	..
HO	F.32.50	5	1.80	9	3.70	—	—	F.34
HO	F.35	26	0.60	30	2.60	20	4	..
HO	F.37.50	—	—	2	2	—	—	..
IBM	$260	12	24½	—	—	—	—	$282¾
IBM	$280	85	8⅝	—	—	—	—	..
IBM	$300	109	2	21	9⅝	3	15½	..
KLM	F.120	11	3.20	12	7.30	10	11.80	F.117.30
KLM	F.130	—	—	—	—	7	7.80	..
KLM	F.140	—	—	—	—	10	4.10	..
KLM	F.150	57	0.10	2	1.70	17	3.50	..
KLM	F.160	—	—	—	—	5	1.50	..
KLM	F.170	47	0.10	—	—	—	—	..
PHI	F.22.50	150	2	—	—	—	—	F.24.10
PHI	F.25	10	0.40	20	1.30	10	1.80	..
PHI	F.27.50	30	0.20	—	—	5	1	..
PHI	F.30	—	—	—	—	66	0.70	..
PSA	F.520	—	—	—	—	5	33	F.480
PSA	F.560	—	—	—	—	6	19.60	..
RD	F.120	44	2.60	4	6.10	2	8.20	F.119.50
RD	F.140	—	—	50	0.50	—	—	..
T	$65	—	—	3	¼	—	—	$60½
UNI	F.110	—	—	2	12	—	—	F.118.80
UNI	F.120	—	—	1	4.50	—	—	..
XON	$50	—	—	8	2¼	—	—	$49⅞
		Feb.		May		August		
BA	$70	11	5⅛	—	—	—	—	$68¾
BA	$80	—	—	—	—	10	7½	..
BP	p900	5	41	—	—	—	—	p924

TOTAL VOLUME IN CONTRACTS 1258

BASE LENDING RATES

A.B.N. Bank	12½%	■ Hambros Bank	12½%
Allied Irish Banks Ltd.	12½%	■ Hill Samuel	§12½%
Amro Bank	12½%	C. Hoare & Co.	†12½%
American Express Bk.	12½%	Julian S. Hodge	13½%
A P Bank Ltd.	12½%	Hongkong & Shanghai	12½%
Henry Ansbacher	12½%	Industrial Bk. of Scot.	12½%
Associates Cap. Corp.	12½%	Keyser Ullmann	12½%
Banco de Bilbao	12½%	Knowsley & Co. Ltd.	14½%
Bank of Credit & Cmce.	12½%	Lloyds Bank	12½%
Bank of Cyprus	12½%	London Mercantile	12½%
Bank of N.S.W.	12½%	Edward Manson & Co.	13½%
Banque Belge Ltd.	12½%	Midland Bank	12½%
Banque du Rhone et de la Tamise S.A.	13 %	■ Samuel Montagu	12½%
Barclays Bank	12½%	■ Morgan Grenfell	12½%
Barnett Christie Ltd.	13½%	National Westminster	12½%
Bremar Holdings Ltd.	13½%	Norwich General Trust	12½%
Brit. Bank of Mid. East	12½%	P. S. Refson & Co.	12½%
■ Brown Shipley	12½%	Rossminster	12½%
Canada Perm't Trust	12½%	Royal Bk. Canada Trust	12½%
Cayzer Ltd.	12½%	Schlesinger Limited	12½%
Cedar Holdings	12½%	E. S. Schwab	13½%
■ Charterhouse Japhet	12½%	Security Trust Co. Ltd.	13½%
Choulartons	12½%	Shenley Trust	14 %
C. E. Coates	12½%	Standard Chartered	12½%
Consolidated Credits	12½%	Trade Dev. Bank	12½%
Co-operative Bank	*12½%	Trustee Savings Bank	12½%
Corinthian Securities	12½%	Twentieth Century Bk.	13½%
Credit Lyonnais	12½%	United Bank of Kuwait	12½%
Duncan Lawrie	12½%	Whiteaway Laidlaw	13 %
The Cyprus Popular Bk.	12½%	Williams & Glyn's	12½%
Eagil Trust	12½%	Yorkshire Bank	12½%
English Transcont.	12½%		
First Nat. Fin. Corp.	14 %		
First Nat. Secs. Ltd.	14 %		
■ Antony Gibbs	12½%		
Greyhound Guaranty	12½%		
Grindlays Bank	12½%		
■ Guinness Mahon	12½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 10%, 1-month deposits 10¼%.
† 7-day deposits on sums of £10,000 and under 10% up to £25,000 10½% and over £25,000 10¾%.
‡ Call deposits over £1,000 10%.
§ Demand deposits 10%.

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هكذا من الأصل

Sharp rise in dairy farm profits

By Our Commodities Staff

PROFITS ON British dairy farms improved sharply last year. A survey of almost 1,000 grassland farms carried out by the Milk Marketing Board shows that in the year ended March 1978, average profits were £10,349 compared with £6,283 recorded in the drought-affected season of 1976-77.

The Milk Board pointed out, however, that profits were still not back in real terms to their 1972-73 level. Capital expenses also rose substantially and the return on tenant's capital still averaged only a modest 11.9 per cent.

The farmers in the survey also boosted their milk yields by an average 193 litres a cow over the year, thanks mainly to better use of grass and improved weather.

The Milk Board said it was concerned at the growing gap between the top and bottom performance herds. The top 25 per cent of herds sampled produced 5,407 litres a cow—1,117 litres more than the bottom 25 per cent.

The most efficient managed big increases in milk yield while reducing the amount of costly grain and soya fed to their stock. The least efficient managed only modest rises in output for a large increase in the amount of grain fed.

Cut in limit to sperm whale catch agreed

By Richard Mooney

THE International Whaling Commission has cut the allowable catch of male sperm whales in the North Pacific for 1979 by more than 40 per cent to 3,800. It has also banned the hunting of female whales. The size of the cut, agreed at a special meeting of the Commission in Tokyo yesterday, surprised many observers. But conservationists were disappointed that an 11.5 per cent by-catch of females was also allowed.

Declining pregnancy rates are causing concern in scientific circles, hence the ban on the deliberate hunting of females. But catchers claim they cannot always identify the sex of whales before harpooning them.

The female by-catch works out at 437 and once this level is reached all North Pacific sperm whale hunting will have to stop.

New wheat pact talks agreed

GENEVA — A row that halted talks on a new world wheat agreement was settled yesterday, and 70 nations will return to the bargaining table for a three-week session on January 22.

The argument between the U.S. and the EEC was patched up at a 12-man committee of leading exporting and importing nations after three days of behind-the-scenes discussions.

Talks on the agreement broke up last month after the U.S. and the EEC split over the size of reserve stocks of wheat to be held and the market price level at which countries should start building stocks.

Mr. Arthur Dunkel of Switzerland, the conference chairman, who also chaired the committee, said a compromise between the two sides had been accepted as a basis for resuming talks.

Sources said the compromise provided for half the total reserve stocks established by the agreement to be built up when the market price for wheat was $140 a tonne.

The other half would be built up only if the price dropped to $125 a tonne.

The Common Market had been demanding a trigger price of $115 in opposition to calls by the U.S. for a price of $145.

Pressure for an early resumption of the talks came from both the U.S. and Japan. The U.S. was anxious the agreement should be signed in time to be included in world trade negotiations now finishing. Japan was keen to reach early agreement so it could be ratified by Parliament before it recesses next March, sources said.

The Soviet Union stayed away from the committee. Mr. Dunkel said, however, the Russians had warned in advance they would not attend, but stressed the move had no political significance.

An EEC official said the two sides had moved closer to each other on the total size of wheat reserve stocks. While originally the EEC insisted on a maximum global size of 15m tonnes and the US on 30m tonnes, they now foresaw them as somewhere between 20m and 22m tonnes.

Treasury warned on commodity centre

BY CHRISTOPHER PARKES

THE PRESSURE group lobbying for the establishment of a world commodities centre in London was given a "sympathetic hearing" yesterday by Mr. Denzil Davies, junior Treasury Minister.

Led by Mr. David Knox, MP, the All-Party Group for World Government deputation warned Mr. Davies of the danger of a "substantial loss of economic advantage to the UK" if the intergovernmental commodity organisations now based in London were to leave this country.

A spokesman said the group pressed for a rapid decision from the Government about support for the proposed centre "in view of the decisions which will be taken within the next three months about the future location of their headquarters by the International Wheat Council, the International Cocoa Organisation, an international rubber organisation and the Tea Producers Association."

Although there have been no firm indications that any headquarters might be moved from London, it is considered timely for plans to be laid for a new centre to house all the organisations.

Renegotiation of the wheat agreement, for example, is already well under way. The International Cocoa Agreement will be revamped at a meeting scheduled for January 29 to February 23 next year.

U.S. copper producers lift prices

By Our Commodities Editor

DOMESTIC COPPER price increases were announced yesterday by two U.S. producers—Asarco and Newmont Mining.

Asarco is raising its price for cathodes by 1 cent to 72 cents a lb but Newmont announced a 2 cent rise to 73 cents.

Copper prices were steady in quiet conditions on the London Metal Exchange. Further buying, believed to be on behalf of the Chinese, pushed the market up in the morning. However, "hedge" selling, and a lower than expected opening on the New York market brought an easier tone and cash wirebars closed only £5 up at £774 a tonne.

Nevertheless the undertone of the market remains firm. Sentiment will be encouraged by the rise in U.S. prices and the prospect of continued Chinese buying.

Clean sweep of turkeys forecast

By Our Commodities Staff

THE TURKEY industry expects to start 1979 with the lowest stocks in hand for many years, Mr. Raymond Twiddle, president of the British Turkey Federation said yesterday.

Mr. Twiddle said consumers were likely to make virtually a "clean sweep" of supplies available this Christmas and New Year since demand appeared to be good and prices had been kept at a very competitive level.

Co-ops plan trade link

BY OUR COMMODITIES STAFF

A GROUP of U.S. and European farm co-operatives has decided to link-up with Alfred C. Toepfer, a leading international commodity trading company, in order to become more active in the world-wide marketing of its products.

The co-operatives plan to acquire a 50 per cent interest in Toepfer's international commodities trading business but the company will retain full ownership of its shipping, banking and milling operations. The scheme involves producers of grain, soyabeans and soyabean oil and livestock feed ingredients as well as food processors and farm supplies companies.

TOKYO ROUND TABLE TALKS

Farm exports pact plan

BY REGINALD DALE

GENEVA — Details have now emerged here of proposed new international restrictions on the use of subsidies to capture farm export markets from competing producing countries.

The agreement, regarded by the U.S. as a major element of the Tokyo round of international trade talks, has been endorsed by the European Commission but has been sharply criticised by France.

The French, whose final agreement will be essential if the deal is to go through, has attacked the understanding as surrendering the EEC's control over its own Common Agricultural Policy.

The compromise text is intended to contain the Community's answer to accusations from the U.S., Australia and others that the EEC has stolen their export markets by means of excessive subsidies.

The proposed agreement, included in a more general draft code of conduct on subsidies and countervailing duties, is an attempt to clarify the provisions of Article XVI: 3 of the General Agreement on Tariffs and Trade (GATT).

This already prohibits countries subsidising any agricultural product so as to gain "more than an equitable share of world export trade in such a product, account being taken of the shares of the signatories in trade in the product concerned during a previous representative period."

The outline arrangement now proposed would include three clauses attempting to spell out what this means in practice. These are:

1. "More than an equitable share of world export trade" shall include any case in which the effect of an export subsidy granted by a signatory is to displace the exports of another signatory, bearing in mind the developments on world markets.
2. With regard to new markets, traditional patterns of supply of the product concerned to the world market, region or country, in which the new market is situated shall be taken into account in determining "equitable share of world export trade."
3. "The previous representative period" shall normally be the three most recent calendar years in which normal market conditions existed.

A final provision, to which the French particularly object, would oblige signatories "not to grant export subsidies on agricultural exports to a particular market in a manner which results in prices materially below those of other suppliers to the same market."

It is pointed out here that "materially below" remains open to interpretation, like other sections of the proposed text. But the suspicion is that the U.S. will try to define the concept more clearly by calling GATT consultations as soon as it identifies a questionable export deal by the EEC.

The agreement would cover all unprocessed farm, forestry and fisheries' products, as well as those that have "undergone the processing customarily required to prepare for marketing in substantial volume in international trade."

EEC monetary changes stalled

BY MARGARET VAN HATTEM

BRUSSELS—The breakdown in Brussels early yesterday morning of talks on the agricultural implications of the European Monetary System (EMS) leaves open the whole question of monetary compensatory amounts (MCAs).

If the EMS is not introduced as planned on January 1—and France says it will not take part until all the agricultural problems have been thrashed out—MCAs would continue to be based on the old central rates of the snake currencies.

If, as is more likely, the French drop their reserve and EMS goes ahead, the snake would cease to have any influence on MCAs. The failure of agriculture ministers to approve the use of the new European Currency Unit (ECU) in fixing common prices would leave MCAs without any legal basis.

The EEC Commission, realising this, announced at the end of the Council meeting that it would freeze MCAs on January 1 at the levels fixed between Christmas and the New Year. They will remain frozen until January 15, when agricultural ministers are scheduled to meet again and to take a decision on the issue.

In the meantime the Commission says it will do whatever is necessary to ensure that the introduction of the EMS does not, in itself, affect MCAs. But it is not at all clear what this implies should any of the EMS currencies move sharply before January 15.

Mr. Finn Olav Gundelach, the EEC Agriculture Commissioner, said this morning that he considered the risks of this happening to be very small but added: "I have warned the Council that they will have their backs to the wall on the 15th and must take a decision. They cannot push it away."

Talks broke down after heated clashes in the Council Chamber between France and Germany over French insistence that a timetable be set for the phasing out of MCAs, and that any new MCAs created after January 1 be phased out automatically at the end of the year.

This is in line with Commission policy, but the Commission insists that such decisions cannot be taken outside the context of the annual farm price review, and it rejected the French demands.

Germany and the Benelux countries, already facing the prospect of a price freeze this year, are extremely hostile to such a move which would cut their farm incomes. Thus Commission's support for the French demands could undermine its chances of getting its price proposals through the Council of Ministers, which will be a hard enough task as things are.

For Britain, which faces a 27 per cent farm price rise if MCAs are eliminated, the proposal is out of the question. Mr. John Silkin, the UK Minister of Agriculture, said as much this morning. But he hinted that if a way were found to reduce the level of common prices, Britain might be more amenable.

Britain had the opportunity to press for this at the European summit where, had it opposed the introduction of a special conversion device to keep ECU common prices equal to those fixed in units of account, all EEC countries would have faced a 21 per cent drop in common prices.

This would have brought a redistribution of MCAs so that any subsequent phasing out would bring a large German price drop and a 6 per cent British price rise — something very close to what the British Government has been pressing for all along.

Mr. Silkin yesterday defended the British decision not to oppose the conversion device at that time. It would be bad politics to try to win such a change through tricks which could backfire, he said.

But there were strong hints from other quarters that Mr. Silkin would have preferred to keep the option open and that those ministers responsible for the decisions—Mr. James Callaghan and Dr. David Owen, the Foreign Secretary had not fully understood the implications of their decision at the time.

● In the course of the heated Council debate, French and Italian requests for respective green devaluations of 3.6 per cent and 5 per cent respectively, appear to have been lost. No decision was taken on either.

Bauxite cartel changes

PITTSBURGH — Eleven bauxite-producing nations have retreated from a 1977 formula that fixed a "floor" price for bauxite ore, from which aluminium is made.

But the members of the five-year-old International Bauxite Association broadened their pricing policy to include alumina, the semi-processed aluminium ore.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Steady on the London Metal Exchange in reasonably quiet conditions. The lower pound and buying from one particular quarter pushed forward metal up from a start of £787 to £796 before hedge selling caused a reaction. Comex did not open at the level expected and the London price hovered around £790-£791 before a close on the Kerb of £789.75. Turnover 23,050 tonnes.

Amalgamated Metal Trading reported that in the morning three months wirebars traded at £89.5, 90, 91, 91.5, 92, 92.5, 93, 94, 93.5, 93. Cathodes: Three months £781. Kerb: Wirebars three months £792, 92.5, 93, 92.5, 92. Afternoon: Wirebars, three months £791, 90.5, 91, 90.5. Cathodes, cash £760.5, three months £778, 79.5. Kerb: Wirebars, three months £789.5, 90, 89.5.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	776-7	+11	775.5-4.5	+5
3 months	795-.5	+12½	790.5-1	+5.5
Settlem'nt	777	+11	—	......
Cathodes				
Cash	761-.5	+8.75	760.5-1	+4.75
3 months	779-80	+10½	779-.5	+6.25
Settl'm'nt	761.5	+9.5	—	......
U.S. Smt.	—	......	*72	......

TIN—Fell away after a firm start following the rise in the East overnight. Physical demand pushed forward metal up from £6,950 to £6,970 before hedge selling emerged. This selling continued despite the fall in the pound and the market closed on the Kerb at the day's low of £6,911. Turnover 1,035 tonnes. Morning: Standard three months £6,960, 50, 45, 40, 45, 50, 45. Kerb: Standard, three months £6,950, 45, 40, 45. Afternoon: Standard, three months £6,940, 30, 35, 30, 25. Kerb: Standard, three months £6,925, 30, 20, 16, 11.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7015-25	+15	6968-7000	—45
3 months	6940-60	+22.5	6920-35	—24.5
Settlem't	7025	+15	—	......
Standard				
Cash	7010-15	+7.5	6980-90	—50
3 months	6940-5	+15	6920-5	—29.5
Settlem't	7015	+5	—	......
Straits. E	‡$1804	+11	—	......
New York	—	......	—	......

LEAD—Little changed after forward metal had been unable to maintain its best levels. The price moved up during the morning from £402 to £407 reflecting the lower value of sterling but in the afternoon general liquidation forced the price down to a close on the Kerb of £401.5. Turnover 8,975 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	428-.5	+2.5	424-5.5	—.75
3 months	406.5-7	+5.5	405-.5	+2
Sett'ment	428.5	+2.5	—	......
U.S. Spot	—	......	*36.36	......

Morning: cash £428.5, 29, 28, 28.5, three months £408, 7.5, 7, 6.5, 7. Kerbs: three months £407, 6.5. Afternoon: three months £407, 6.5, 6, 5.5, 5, 5.5. Kerbs: mid-March £404, three months £404, 4.5, 4, 3.5, 2, 3, 2, 1.5.

ZINC—Moved quietly as forward metal went from £353 to £356 pre-market and then, after holding at a slightly lower level, drifted off to close on the Kerb at £350.5. Turnover 2,000 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	†+ or —
	£	£	£	£
Cash	342.5-5.5	......	341-.5	—2
3 months	353-4	—.25	351.5-2	—2
S'ment	343.5	......	—	......
Prim. west	—	......	*33.5-4.5	......

Morning: three months £355, 54, 54.5. Kerbs: three months £353. Afternoon: three months £352. Kerbs: three months £350.5, 50.

ALUMINIUM—Steady in routine trading lacking any fresh features. Forward metal started at £618 and rose gradually to close on the Kerb at £621. Turnover 875 tonnes.

Alumin'm	a.m. Official	†+ or —	p.m. Unofficial	†+ or —
	£		£	
Spot		......		......
3 months	620-.5	+3	620-1	+0.75

Morning: Three months £620, 20.5, 21, 20.5. Afternoon: Three months £621, 20.5.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 1.35p an ounce lower for spot delivery in the London bullion market yesterday at 296.7p. U.S. cent equivalents of the fixing levels were: spot 598.1c, down 4.4c; three-month 612.0, down 5.1c; six-month 626.6c, down 4.3c; and 12-month 653.9c, down 6.5c. The metal opened at 295.8-296.8p (598-601c) and closed at 297.4-298.4p (598½-600c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	296.7p	—1.35	297.3p	+1.35
3 months	304.35p	—1.8	305.15p	+1.25
6 months	312.15p	—1.8	—	......
12 months	328p	—1.85	—	......

LME—Turnover 127 (288) lots of 10,000 ozs. Morning: Three months 305, 5.1, 5.2, 5.3, 5.5, 5.7, 5.5, 5.4, 5.3. Kerbs: Three months 305.2, 305, 4.9, 4.5. Afternoon: Three months 305, 5.2, 5.3, 5.1. Kerbs: Three months 305.3, .5.

COCOA

The market opened up lower as expected but reached the day's highs trading within a narrow range before Commission House selling saw a close near the day's lows, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
Dec.	1920.0-25.0	—18.0	1953.0-20.0
March	1946.0-49.0	—51.0	1997.0-45.0
May	1985.0-86.0	—31.5	2029.0-1988
July	1998.0-2000	—25.0	2035.0-1997
Sept.	2011.0-12.5	—9.0	2040.0-11.0
Dec.	1990.5-94.0	—10.5	2019.5-1989
March	1980.0-90.0	—5.0	2007.0-1986

Sales: 4,002 (6,186) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound). Daily price for Dec. 19: 178.22 (177.31). Indicator price Dec. 20: 15-day average 181.07 (181.79); 22-day average 183.09 (183.34).

COFFEE

ROBUSTAS traded quietly in a narrow range and most traders were wary of taking positions before the holiday period, Drexel Burnham Lambert reported. Some roaster interest was apparent at the lower levels and this, coupled with a firm New York market made for steady conditions. At the close values were on the highs after late aggressive buying from one particular London house.

COFFEE	Yesterday's Close £ per tonne	+ or —	Business Done
January	1402-1405	+09.0	1402-1378
March	1258-1259	+11.0	1258-1240
May	1198-1200	......	1202-1180
July	1164-1166	+05.0	1165-1160
September	1132-1133	......	1138-1130
November	1107-1108	+02.5	1118-1108
January	1092-1095	—06.5	1105-1086

Sales: 2,276 (8,338) lots of 5 tonnes.

ICO Indicator prices for Dec. 19 (U.S. cents per pound): Colombian Mild Arabicas 171.50 (same); unwashed Arabicas 143.00 (same); other Mild Arabicas 129.33 (130.83); Robustas ICA 1976 129.00 (129.50); Robustas ICA 1968 130.00 (130.50). Daily average 129.17 (130.17).

GRAINS

LONDON FUTURES (GAFTA)—Grains opened 15-20p higher on old crops, unchanged on new crops. In fairly thin volume wheat values increased on buying support to close steady 25p up on the day. Barley saw a reasonable trade and closed steady, 20p up on old crops. New crops saw very little trade and closed unchanged to 5p lower on wheat, unchanged to 10p lower on barley, reported Acli.

M'nth	WHEAT Yesterday's close	+ or —	BARLEY Yesterday's close	+ or —
Jan.	91.70	+0.25	83.45	+0.20
Mar.	93.90	+0.25	85.80	+0.20
May	96.40	+0.25	88.30	+0.20
Sept.	86.65		84.60	
Nov.	92.50	—0.05	86.45	—0.10

Business done—Wheat: Jan. 91.70-91.65, March 94.00-93.85, May 96.45-96.35, Sept. nil, Nov. nil. Sales 87. Barley: Jan. 83.50-83.40, March 85.90-85.70, May 88.35-88.30, Sept. 83.60-83.60, Nov. 86.45-86.45. Sales 139.

IMPORTED—Wheat: CWRS No. 1 13½ per cent Dec. 96.0 Tilbury seller. U.S. Dark Northern Spring No. 2 14 per cent Dec. 89.25, Jan. 90.70 transhipment East Coast sellers: U.S. Hard Winter 13½ per cent Dec. 87.75, Jan. 88, Feb. 88.25 Tilbury seller. EEC unquoted. Maize: U.S./French Dec. 106.50, Jan. 107 transhipment East coast seller: S. African White Jan. 67.50 seller: S. African Yellow Jan. 67.50 seller. Barley: English Feed fob Jan. 85.50, Feb. 86.50, March 87.50, April-June 90 East Coast.

HGCA—Location ex-farm spot prices. Other milling wheat: Essex 90.00. Feed barley: Shropshire 79.60.

The UK monetary coefficient for the week beginning Monday December 25 (based on HGCA calculations) is expected to remain unchanged.

RUBBER

STEADIER opening on the London physical market. Firm throughout the day, closing quiet. Lewis and Peat reported the Malaysian go-down price was 236 (233) cents a kilo (buyer, January).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
Jan.	57.50-58.25	57.00-57.20	58.00-57.60
Feb.	58.50-58.80	57.90-58.00	—
Jan-Mar	58.70-58.75	58.00-58.10	59.00-58.50
Apr-Jne	61.40-61.50	60.75-60.80	61.70-60.75
Jy-Sept	65.70-63.75	63.15-63.20	64.00-63.50
Oct-Dec	66.00-66.10	65.40-65.50	66.00
Jan-Mar	68.25-68.45	67.75-67.85	68.45-68.25
Apr-Jne	70.60-70.70	70.10-70.20	—
Jy-Sept	72.95-73.05	72.45-72.50	72.90-72.85

Sales: 11 (7) lots of 5 tonnes, 339 (320) lots of 15 tonnes.

Physical closing prices (buyers) were: Spot 57.25p (56.75); Jan. 58.65p (58); Feb. 59.25p (58.75).

SOYABEAN MEAL

	Yesterday Close £ per tonne	+ or —	Business Done
December	125.80-27.5	+0.5	—
February	127.80-27.8	—0.2	28.50-27.20
April	126.90-26.8	—0.2	28.70-25.50
June	124.80-24.8	+0.25	24.80-24.50
August	124.00-26.8	—0.15	—
October	124.70-25.0	—0.15	—
December	123.50-27.0	+0.25	—

Sales: 27 (55).

SUGAR

LONDON DAILY PRICE (raw sugar) £101.00 (same) a tonne cif for Nov.-Dec. shipment. White sugar daily price was fixed at £99.00 (£100.00).

The market was immediately offered down at the opening following Thursday's weak New York close. There was a lack of buying interest and losses of around 100 points occurred before support was uncovered, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
March	108.05-09.10	111.85-11.20	11.55-09.00
May	111.95-12.00	115.75-15.90	14.25-11.50
Aug.	115.60-15.70	117.40-17.50	18.00-16.00
Oct.	118.15-18.25	120.40-20.54	20.80-18.25
Dec.	120.00-21.25	122.75-23.00	22.00
March	124.75-25.50	126.50-27.00	25.25
May	127.50-29.00	128.05-30.50	—

Sales: 2,277 (1,476) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £264.85 (same) a tonne for home trade and £174.00 (same) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for Dec. 19 Daily 8.21 (8.26): 15-day average 8.00 (7.97).

WHITE SUGAR—Close (in order buyer, seller, business, sales). Feb. 99.50, 100.00, 101.50, 98.00, 79; April 104.15, 104.25, 106.25, 104.00, 293; July 110.75, 111.00, 113.00, 111.00, 82; Sept. 116.25, 117.00, 118.00, 10; Nov. 122.50, 123.00, nil, nil; Feb. 128.00, 128.75, 129.50, 128.60, 505; April 130.50, 134.00, nil, nil. Sales 969.

WOOL FUTURES

LONDON—The market was dull and featureless, reported Bache.
(Pence per kilo)

Australian Greasy Wool	Y'sterd'ys Close	+ or —	Business Done
December	217.0-26.0	......	—
March	218.0-25.0	......	—
May	224.0-35.0	......	—
July	231.0-40.8	......	—
October	234.0-40.0	......	—
December	235.0-42.0	......	—
March	236.0-44.8	......	—
May	239.0-46.0	......	—

Sales: Nil (same).

SYDNEY GREASY—Close (in order buyer, seller, business, sales). Micron Contract: Dec. 342.0, 343.3, 344.0-342.0, 46; March 350.7, 350.8, 350.8-350.5, 3; May 356.8, 357.8, 357.0-357.0, 1; July 360.8, 361.5, nil, nil; Oct. 363.2, 364.5, nil, nil; Dec. 366.0, 367.0, nil, nil; March 369.5, 371.0, 366.0-366.0, 1; May 371.0, 372.0, nil, nil. Sales: 51.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller). Feb. 184.0, 190.0; March 183.0, 185.0; May 185.0, 186.0; July 187.0, 190.0; Oct. 190.0, 193.0; Dec. 192.0, 197.0; March 193.0, 198.0; May 193.0, 198.0. Sales: nil.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 56.0 to 59.0; Eire hindquarters 68.0 to 71.0, forequarters 30.0 to 37.0. Veal: Dutch hinds and ends 96.0 to 101.0. Lamb: English small 48.0 to 56.0, medium 48.0 to 55.0, heavy 44.0 to 52.0: Scottish medium 48.0 to 54.0, heavy 44.0 to 52.0: Imported frozen—NZ YLs 47.0 to 48.0. Pork: English, under 100 lbs 38.0 to 47.0, 100-120 lbs 36.0 to 48.0, 120-160 lbs 35.0 to 44.0. Partridges: Young (each) 200.0 to 240.0. Pheasants: Best (per brace) 300.0 to 320.0.

MEAT COMMISSION—Average fatstock prices at representative markets on December 20. GB—Cattle 70.43p per kg l.w. (—1.37). UK sheep 133.9p per kg est. d.c.w. (+2.7). GB pigs 61.3p per kg l.w. (—4.8). England and Wales: Cattle numbers down 62.8 per cent, average price 70.01p (—1.80). Sheep numbers down 34.6 per cent, average price 134.5p (+2.4). Pig numbers down 82.6 per cent, average price 61.2p (—4.9). Scotland: Cattle numbers up 32.0 per cent, average price 70.99p (—0.76). Sheep numbers down 64.6 per cent, average price 123.7p (+1. Pig numbers up 22.7 per cent.

COVENT GARDEN (prices in sterling per package except where otherwise stated)—Imported produce: Lemons—Italian: 120's new crop 5.25-6.00; Greek: 5.00-5.50; Cyprus: Trays 4.80-5.20, boxes 80/180's 4.30-6.50; Spanish: Trays 2.00-2.20. Oranges—Spanish: Navel/Navelines 3.80-4.50; S. African: Valencia Late 1.50; Greek: Navels 20 kilos 4.20-4.40; Israeli: 4.80-5.05. Clementines—Cyprus: 10 kilos 3.50-4.00; Moroccan: 3.20-4.40. Satsumas—Spanish: Trays 1.90-2.50. Grapefruit—Texas: Red Blush 4.50-4.60; Florida: 4.60; Cyprus: 2.20-3.60; Israeli: Jaffa 40/75 3.40-3.60. Apples—French: Stark Crimson 40-lb 138/163's 4.40-5.30, 20-lb 84's 2.20, 72's 2.40; Golden Delicious 20-lb 72's 1.80-2.20, 84's 1.70-1.90, 40-lb 138/163/175's 3.50-4.00, jumble pack, per pound 0.07; Granny Smith 20-lb 72's 2.30-2.40, 84's 1.80-2.00, large boxes 138/150/163 3.60-4.60, jumble pack 55/60 31-lb, per pound 0.06-0.07. Bananas—Jamaican: Per pound 0.14. Grapes—Spanish: Almeria 3.00-4.00, Negri 3.00-3.80; California: Red Emperor 20/23-lb 8.50-9.00. Avocados—Israeli: 3.30-3.50. Melons—Spanish: Green 5.00, 15-kilo boxes 8/12's 10.00. Onions—Spanish: 3.00-4.80; Dutch: 2.00-2.20. Tomatoes—Spanish: 3.00-6.00; Canary: 5.20-5.60. Cucumbers—Canary: 10/16's 3.60-4.00. Capsicums—French: Per pound 0.30; Canary: 0.30; Italian: 14-lb 2.00. Dates—Algerian: Per glove box 0.38-0.45; Californian: Tubs 0.31. Lettuce—French: 12's 1.60; Italian: Round 18's 1.50, Cos 3.00. Walnuts—Californian: Per pound 0.40-0.42; Chinese: 0.20-0.31. Brazils—Per pound, LMW 0.42-0.48, Tocantins 0.36-0.40. Almonds—Spanish: Semi-soft per pound 0.42, hard shell 0.30. Chestnuts—Italian: 10 kilos 5.00-7.50; Spanish: 5 kilos 3.00-4.50, 10 kilos 4.40-5.80; Portuguese: 5.00-6.50. Filberts—Italian: Per pound 0.30-0.31. Pecan Nuts—Californian: Per pound 0.60. Potatoes—Italian: 20-lb 3.80. Mistletoe—French: Crates 1.00 plus VAT. Celery—Spanish: 5.00-8.00; Italian: 8's 3.00-3.30. Cauliflowers—Jersey: 30's 7.50, 24's 8.50. Fennel—Italian: 4.50. Peaches—S. African: 23/28's 3.60-4.50.

English produce: Potatoes—Per 25 kilos 1.40-2.00. Lettuce—Per 12 round 1.50-1.60. Mushrooms—Per pound 0.55-0.60. Apples—Per pound Bramley 0.06-0.12; Cox's Orange Pippin 0.06-0.15; Worcester Pearmain 0.04-0.06; Russets 0.06-0.09; Spartan 0.08-0.10. Pears—Per pound Conference 0.09-0.14; Comice 0.14-0.18. Cabbages—Per crate 1.00. Celery—Crates 14/18's 1.40-2.00. Cauliflowers—Per 12's Kent 4.00-5.00. Beetroot—Per 28-lb 0.60-0.70. Carrots—Per 28-lb 0.70-0.90. Capsicums—Per pound 0.30. Onions—Per bag 1.80-2.20. Swedes—Per 28-lb 0.60. Turnips—Per 28-lb 1.00. Parsnips—Per 28-lb 1.40. Sprouts—Per pound 0.10-0.12.

SUGAR EXPORT

BRUSSELS — The EEC Commission authorised sales of 51,570 tonnes of white sugar at its weekly export tender. Maximum export rebate was 25.472 units of account per 100 kilos after 51,700 tonnes were cleared at 25.208 ua last week.

PRICE CHANGES

Price in tonnes unless otherwise stated.

	Dec. 20 1978	+ or —	Month ago
Metals			
Aluminium	£710	....	£710
Free market (c/s)	$1,200/20	+50.0	$1,150/60
Copper cash W Bar	£744	+5.0	£754.75
3 months do. do.	£790.75	+5.5	£774.25
Cash Cathode	£760.75	+4.75	£743.75
3 months do. do.	£779.25	+6.25	£762.75
Gold Troy oz.	$215.625	+0.875	$200.625
Lead cash	£424.75	—0.75	£396.5
3 months	£405.25	+2.0	£386.25
Nickel	‡	....	‡
Free Market (cif) (lb)	$1.65 / 1.80	—0.015	$1.68 / 1.82
Platinum troy oz.	£156	....	£142
Free Market	£172.85	—0.25	£158.2
Quicksilver	$148/53	....	$139/43
Silver troy oz.	296.7p	—1.35	305.4p
3 months	304.35p	—1.8	312.6p
Tin cash	£6,985	—50.0	£7,370
3 months	£6,922.5	—29.5	£7,285
Tungsten (zi...	$145.56	....	$141.86
Wolfram 22.04 cif	$137/43	....	$140/45
Zinc cash	£341.25	—2.0	£348
3 months	£351.75	—2.0	£358.75
Producers	$720	....	$720
Oils			
Coconut (Phil)	$935q	....	$845
Groundnut	‡	....	‡
Linseed Crude	£356	....	£340
Palm Malayan	$610x	—10.0	$598
Seeds			
Copra Philip	$612.5y	....	$550
Soyabean (U.S.)	$289x	....	$275
Grains			
Barley			
Home Futures	£85.5	+0.2	£83.5
Maize			
French No. 3 Am	£106.5	+0.5	£104.5
Wheat			
No. 1 Red Spring	£96	—0.25	£94.75
No. 2 Hard Winter	£87.75	+0.75	£89.75
English Milling †	£93.5x	....	£92.5
Other Commodities			
Cocoa Shipment	£1,999	—41.0	£2,177.5
Future Mar.	£1,948.5	—30.25	£2,157.5
Coffee Future Mar.	£1,258.5	+11.0	£1,459
Cotton 'A' Index	78.55c	—0.45	79.4c
Rubber kilo	57.25p	+0.5	60p
Sugar (Raw)	£101	....	£102
Wooltops 64s (kilo)	271p	....	274p

* Nominal. † New crop. ‡ Unquoted. n Jan.-March. p Dec.-Jan. q Jan.-Feb. t Feb. u Jan. x Per ton. z Indicator prices.

INDICES

FINANCIAL TIMES

Dec. 20	Dec. 19	Month ago	Year ago
256.33	256.92	262.84	235.40

(Base: July 1, 1952=100)

REUTERS

Dec. 20	Dec. 19	Month ago	Year ago
1503.5	1500.5	1515.7	1415.7

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Dec. 20	Dec. 19	Month ago	Year ago
Spot	382.69	384.67	394.80	351.05
Futures	379.49	381.75	395.68	324.57

(Average 1924-25-26=100)

MOODY'S

Moody's	Dec. 20	Dec. 19	Month ago	Year ago
Sple Commty	976.4	976.6	985.3	878.5

(December 31, 1931=100)

GRIMSBY FISH — Supply poor, demand good. Prices at ship's side (unprocessed) per stone: Shell cod £5.50-£6.50, codlings £3.60-£4.50; large haddock £4.50-£5.00, medium £4.00-£4.60, small £3.50-£4.20; large plaice £4.20-£4.80, medium £4.00-£4.20, best small £3.80-£4.20; medium skinned dogfish £4.80; large lemon soles £10.50; medium £9.50; reds £1.60-£2.30; saithe £2.20-£3.20.

★

LIVERPOOL COTTON—Spot and shipment sales in Liverpool amounted to 375 tonnes, bringing the total for the week so far to 799 tonnes. Considering seasonal influences, demand was well maintained. Mixed dealings in Turkish and South American qualities provided a large part of the turnover.

US Markets

Cocoa falls as precious metals ease

NEW YORK, Dec. 20.

PRECIOUS METALS eased on Commission House and speculative selling on a slightly steadier U.S. dollar. Cocoa closed lower on trade arbitrage selling. Sugar closed lower on Commission House selling and light trade arbitrage selling, Bache reported.

Cocoa—March 173.00 (173.90), May 173.50 (173.90), July 173.50, Sept. 173.00, Dec. 170.50, March 168.60. Sales: 716.

Coffee—"C" Contract: Dec. 138.00 (135.00), March 127.25-127.50 (126.25), May 124.00, July 123.00-124.00, Sept. 123.40-123.88, Dec. 121.00-121.50, March 119.00-204.00, May unquoted. Sales: 741.

Copper—Dec. 69.05 (68.90), Jan. 69.15 (69.00), Feb. 69.95, March 70.75, May 72.10, July 73.30, Sept. 74.30, Dec. 75.55, Jan. 75.95, March 76.75, May 77.55, July 78.35, Sept. 79.15. Sales 7,500.

Cotton—No. 2: March 67.00-67.10 (67.31), May 68.95-69.10 (69.36), July 70.15, Oct. 66.00-66.05, Dec. 64.35, March 65.20-65.30, May 65.90-66.00 asked. Sales 4,450.

*Gold—Dec. 215.10 (220.80), Jan. 215.80 (221.90), Feb. 217.60, April 221.50, June 225.40, Aug. 229.40, Oct. 233.40, Dec. 237.40, Feb. 241.40, April 245.40, June 249.40, Aug. 253.50, Oct. 257.60. Sales 30,000.

†Lard—Chicago loose not available (23.25). NY prime steam 24.75 nom. (same).

‡‡Maize—March 231¼-231½ (233), May 240 (241½), July 245½-245¾, Sept. 248½, Dec. 253¼-253, March 261.

§Platinum — Jan. 346.00-346.50 (352.70), April 350.50-351.00 (355.70), July 354.00, Oct. 356.80-357.00 asked, Jan. 359.90-360.10, April 362.90-363.10 asked, July 365.90-366.10 asked. Sales 1,776.

¶Silver—Dec. 598.80 (601.20), Jan. 600.80 (603.70), Feb. 604.20, March 607.50, May 614.80, July 623.10, Sept. 631.50, Dec. 644.90, Jan. 649.60, March 659.00, May 668.50, July 678.10, Sept. 687.80. Handy and Harman spot 597.50 (584.50). Sales 21,573.

Soyabeans—Jan. 697-696 (603½), March 711½-710 (716¾), May 719½-719, July 723-722, Aug. 713, Sept. 692, Nov. 677-676, Jan. 683½.

‖Soyabean Meal—Jan. 195.20-195.00 (197.20), March 194.30-194.70 (196.00), May 192.70-192.30, July 192.00-192.20, Aug. 192.30-192.00, Sept. 190.50-191.00, Oct. 188.00, Dec. 187.30, Jan. 186.50-187.50.

Soyabean Oil — Jan. 25.60-25.65 (25.77), March 25.65-25.60 (25.72), May 25.50-25.45, July 25.35-25.45, Aug. 25.30-25.35, Sept. 24.70, Oct. 24.10-24.20, Dec. 24.00-23.90, Jan. 23.75-23.60.

Sugar—No. 11: Jan. 8.31-8.33 (8.32), March 8.75 (8.75), May 8.94-8.96, July 9.13, Sept. 9.36-9.37, Oct. 9.48-9.50, Jan. 9.65-9.66, March 10.11-10.13, May unquoted. Sales 3,780.

Tin—645.00-663.00 nom. (650.00-664.00 nom.).

**Wheat—March 342-341¾ (346¼), May 333 (337¼), July 321-321¼, Sept. 326, Dec. 337.

WINNIPEG, Dec. 20. ††Rye—Dec. 91.50 bid (93.40 asked), May 98.00 asked (99.90), July 100.00 asked, Oct. 102.00.

††Oats—Dec. 89.80 bid (89.70 asked), March 82.20 bid (81.70 asked), May 79.70 asked, July 79.30 asked, Oct. 79.30 bid.

††Barley—Dec. 74.50 bid (74.50), March 76.30 bid (76.20 bid), May 76.60 bid.

All cents per pound ex-warehouse unless otherwise stated. * $s per troy ounce—100-ounce lots. † Chicago loose $s per 100 lbs—Dept. of Ag. prices previous day. Prime steam fob NY bulk tank cars. ‡ Cents per 56-lb bushel ex-warehouse, 5,000-bushel lots. § $s per troy ounce for 50-oz units of 99.9 per cent purity delivered NY. ¶ Cents per troy ounce ex-warehouse. ‖ New "B" contract in $s a short ton for bulk lots of 100 short tons delivered fob cars Chicago, Toledo, St. Louis and Alton. ** Cents per 59-lb bushel in store. †† Cents per 24-lb bushel. ‡‡ Cents per 48-lb bushel ex-warehouse. §§ Cents per 56-lb bushel ex-warehouse, 1,000-bushel lots. ¶¶ C$s per tonne.

COMPANY NOTICES

Festive influences more noticeable in stock markets

Hint of tax cuts fails to revive investment enthusiasm

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Dec. 11	Dec. 28	Dec. 29	Jan. 9
Jan. 2	Jan. 11	Jan. 12	Jan. 23
Jan. 15	Jan. 25	Jan. 26	Feb. 6

Seasonal influences were prominent in stock markets yesterday and the number of bargains marked, not the best but the only immediate measure of business activity, just exceeded 3,000 which is about 1,200 down on the recent daily average. The Chancellor's hint of income tax cuts in the spring providing there is no wage explosion in the meantime was ignored by investors who preferred to await some clarification of the pay and economic situations.

A leading jobber marked quotations for leading industrials higher at the outset in anticipation that buyers would be drawn by the hope of tax reductions, but the manoeuvre attracted only a certain amount of book-squaring and generated little genuine investment interest. Also inhibiting trade was the growing impression that increased U.S. *Prime Rates would soon be announced*: later in the afternoon, this expectation was confirmed.

Mirroring the day's events, the F.T. Industrial Ordinary share index initially extended Tuesday's modest rally and was 2.8 up at 11 am, but at each subsequent calculation the rise was trimmed until the final count which was 2.1 higher on the day at 478.2. Enthusiasm for speculative or situation stocks was very sporadic but trading announcements occasionally relieved the drab conditions.

A slightly easier tendency in British Funds was not influenced by the expected confirmation of another round of small increases in U.S. interest rates. In fact, the shorter maturities were hardening after the official close of business on occasional after-the-event bear-closing. Once again, the two Variable coupon shorts moved against the general trend, finding small fresh support and rising $\frac{1}{16}$ apiece. At the longer end of the market, business was confined to portfolio switching for tax reasons, there being little straight interest.

Renewed institutional demand for the investment currency premium in the wake of the Government's clarification on Monday of the UK-Irish exchange control position saw the premium improve further to 81½ per cent before closing 1 better on balance at 80¾ per cent. Yesterday's SE conversion factor was 0.7144 (0.7220).

Only 257 contracts were transacted in the Traded Options market yesterday, the lowest total since November 20. A modest interest was sen in *ICI* and **Commercial Union** which provided 60 and 55 respectively of the total deals.

Milletts Leisure Shops, which staged a successful debut last week, pushed up another 3 to 128p compared with the offer for sale price of 110p.

Standard Chartered up

Following news that the Director General of Fair Trading has finally issued instructions for the issue of licences under the consumer credit act to Julian S. Hodge and Co. Ltd and Hodge Finance Ltd, subsidiaries of **Standard Chartered**, the latter's shares moved up 6 to 438p. Still in the wake of the Government's decision not to impose exchange controls on Irish capital transactions for the time being, **Bank of Ireland** firmed 10 afresh to 417p. Overseas issues continued to make progress on domestic and investment currency influences. **ANZ** gained 8 more to 320p and **Bank of New South Wales** 5 to 275p, while **Hong Kong and Shanghai** appreciated 10 to 250p. Home Banks closed mixed after a thin trade.

Insurances frequently hardened a few pence although **Sun Alliance** at 510p, recorded an above-average improvement of 6. **C. E. Heath** closed 4 to the good at 240p; approval has been given for the group's acquisition of 80 per cent of the share capital of Group Spinks S.A.

In Breweries, **Scottish and Newcastle** disappointed with reduced first-half profits and fell 2 to 61p after 60½p. In Distilleries, **Matthew Clark** again reacted to fading bid speculation and fell to 142p before closing 5 off on balance at 144p.

Leading Building descriptions generated little genuine business and for the most part held at overnight levels although **Blue Circle** moved up 5 to 265p and **London Brick** put on a penny to 70p. **Johnson-Richards Tiles** found a little support and improved 3 to 104p. Fresh speculative interest on suggestions that T. W. Ward may part with its 26.6 per cent stake lifted **Tunnel "B"** to 328p at one stage, but the shares reverted to unchanged at 324p. In Contracting and Constructions, **Norwest Holst** continued firmly by adding 3 to 108p, but **George Wimpey** eased a penny to 78p following Press reports that a broker's adverse circular is on the way. **A Monk** shed 2 to 83p for a three-day fall of 14 since the chairman's bearish statement about the full-year outcome.

ICI edged forward to 365p initially, but lack of follow-through support left the close a penny cheaper on balance at 363p. **Fisons** held a modest improvement at 304p, but **Allied Colloids**, at 71p, gave back nearly all of the previous day's late rise of 2. Occasional interest left **Yorkshire Chemical** a couple of pence to the good at 82p.

Price movements worthy of note were hard to find in lethargic Stores. **Gussies A** hardened 2 to 312p among the leaders but **Mothercare** reacted that much to 144p. Elsewhere, **Executex** edged forward 2 to 42p in a thin market but **Church** lost 4 at 165p.

AB electronic feature

Encouraged by the good preliminary results from Granada, buyers showed interest in **Thorn Electrical** which pushed ahead to 368p before settling at 365p for a rise of 5 on the day. Elsewhere in the Electrical leaders, **GEC** edged up 2 to 329p, while **Plessey** fluctuated narrowly and closed without alteration at 109p. News of the proposal by CTS Corporation of America to increase its holding in **AB Electronic** from 10.5 per cent to just over 20 per cent prompted a gain of 9 to 164p in the latter. Other Electronic issues tended firmer in sympathy, gains of around 5 being recorded in **Electrocomponents**, 335p, **Farnell**, 390p, and **Racal**, 344p. Elsewhere, **Petbow** firmed 2 to 82p in the late dealings following the half-yearly statement.

Despite a paucity of business, the Engineering leaders tended firmer. Occasional support was forthcoming for **Tubes**, up 5 at 381p, while **GKN** and **Hawker Siddeley** edged up 2 apiece to 257p and 226p respectively. Elsewhere, **Edbro** featured at 201p, down 23p, following the company's warning of severe pressure on margins in the second-half of the year which accompanied the interim results. On the other hand, **Record Ridgway** at 56p, regained 4 of the previous day's fall of 20p *which followed news of the* slump in annual profits and the omission of a final dividend. Fresh scattered demand lifted **Charles Clifford** 4 further to 118p, while **Jones Shipman** were firm at 158p, up 5, along with **Stone-Platt**, 3 dearer at 112p. **Northern Engineering** hardened 2 to 125p after news of the joint nuclear *venture with Rolls-Royce* and Combustion Engineering of the U.S., while **Averys** improved 4 to 235p awaiting further news of the possible bid from GEC.

Leading Foods held steady to firm in a particularly slack trade. **United Biscuits** gained 2½p to 81½p and **Associated Biscuits** a penny to 72p, while **Avana**, supported by the Board's confident statement on current trading, put on 1½ to a high for the year of 72p. Still impressed by the annual results, buyers came in for **Carr's Milling** which put on 2 to a 1978 peak of 68p, but **Louis C. Edwards**, at 24p, gave back 2 of the recent speculative advance that stemmed from the Gulliver Foods share and management deal. **Cullens** ended 2 cheaper at 124p on lack of support, but **Hillards** reverted to unchanged at 224p after 221p.

In Hotels and Caterers, **Ladbroke** added 3 to 182p following a Press mention.

BOC steady

Miscellaneous Industrial leaders plotted an irregular course. **Rank Organisation** fared best with an improvement of 6 at 246p, while **Reed International** put on 3 to 148p as did **Pilkington**, to 300p. **BOC International** held the overnight level of 66½p throughout the day despite recording annual profits around £2½m below general expectations. Elsewhere, a sharp increase in first-half earnings prompted a rise of 4 to 80p in **Philip Harris**, while **Sotheby's** rose 6 to 336p on further consideration of the preliminary results and **Christies International** advanced 5 to 151p in sympathy. **Toye** found support at 78p, up 4, while improvements of 5 were seen in **Amalgamated Metal**, 280p, **IC Gas**, 363p, and **Leadenhall Sterling**, 130p. Renewed investment demand left **Vinten** 4 dearer at 145p.

Motors finished narrowly mixed where altered. **Dowty** firmed a penny to 262p after confirmation of an £8m contract to supply mining equipment to China.

Main Newspaper issues tended *slightly firmer in a lack-lustre* business. **News International** rose 3 to 273p, while **Associated**, 243p and **Daily Mail "A"**, 358p, hardened a penny apiece. Elsewhere renewed hopes of a bid, possibly from America, left **Mills and Allen** 4 better at 233p.

Properties adopted a quietly firm stance with scattered improvements throughout the sector. **Capital and Counties** edged forward ½ to a high for the year of 66½p and **British Land** added a like amount to 42½p. Further consideration of the recent U.S. property sale left **Centrovincial** 2 higher at 94p for a gain of 8 since the announcement. Support was forthcoming for **Peachey** which put on 2 to 92p and **Clarke Nickolls**, a similar amount to the good at 71p, while occasional interest was shown in **Estates and General Investments** which added a penny to 21½p. By way of a contrast, **Berkeley Hambro** lacked support and eased 2 to 148p.

Oils inclined harder

Quiet conditions persisted in the Oil market, but the trend was towards slightly higher levels. **British Petroleum** finished 4 firmer at 924p, while **Shell** hardened a shade to 578p. **Royal Dutch**, up ⅛ at £41⅝, reflected currency and dollar premium influences. Among the more speculative issues, **Siebens (UK)** traded firmly at 270p, up 4, along with **Ultramar**, a like amount higher at 226p.

Trusts made a mixed showing. **Clydesdale** firmed 3 to 73p and **Scottish Western B** 2 to 87p, but Capital issues sometimes eased a few pence.

Textiles again met with scant enthusiasm, although the odd firm spot stood out. **Nova (Jersey)** touched 42p before settling for a rise of 2 at 40p after a 47 per cent increase in *pre-tax profits at the interim* stage. **David Dixon** added 2 to 114p on news that Birmingham and Midland Trust have acquired a 22 per cent stake in the company.

Tobaccos ended firmly with **Bats** 3 better at 286p and **Imps** a penny to the good at 85p.

Golds firmer again

Registering satisfaction with the outcome of Tuesday's big U.S. Treasury gold auction, South African Golds made headway for the third successive day although trading was much smaller than on the previous day. The bullion price was finally ⅛ down at $215⅞ *per ounce*.

The Gold Mines index rose 1.2 more to 141.4—its highest level since the end of October, while the ex-premium index eased 0.2 to 101.0.

The share market got off to a bright start reflecting a good overnight American demand following the favourable auction result. However, prices tended to ease a fraction during the day as interest petered out. Nevertheless, there was still a firm undertone to the market and prices were bolstered by a rise in the investment currency premium.

Among the heavyweights, **Randfontein** added a half-point at £28, while **West Driefontein** put on ⅛ to £22¼ and **Free State Geduld** ⅛ to £13⅝. In the cheaper-priced stocks, **Libanon** were prominent and finally 11 better at 442p.

The firmness of Golds prompted renewed buying of South African Financials. Rises of 4 were common to **De Beers**, 368p, **UC Investments**, 210p and **Union** *Corporation* 250p. **General Mining** continued to attract buying from Johannesburg and closed another 10 up at 355p.

Australians put on another good performance reflecting the strength of overnight domestic markets and the higher premium.

Interest mainly centred on the high quality stocks like **Conzinc Riotinto**, which advanced 6 to 274p and **MIM Holdings**, which added 5 to 193p. **Pacific Copper** were unaltered at 60p following news that Consolidated Press has increased its stake in the former to 28 per cent.

FT-Actuaries

For the record, our issue of December 9 should have shown the Life Insurance sub-sector index for December 8 as down 0.7 per cent at 139.40 and not up 1.0 per cent at 141.80. The error makes it necessary also to adjust the December 9 figures for the Financial Group, 171.64 (not 171.94), and the All-Share index, 227.75 (not 227.82).

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Dec. 19	Jan. 8	Mar. 22	Apr. 3
Jan. 9	Jan. 22	Apr. 5	Apr. 18
Jan. 23	Feb. 5	Apr. 19	May 1

For rate indications see end of Share Information Service

Call options were completed in Talbex, Mills and Allen, Tesco, UDT, Capital and Counties, Burmah and Gill and Duffus. No puts were reported but a double was completed in U.U. Textiles.

FINANCIAL TIMES STOCK INDICES

	Dec. 20	Dec. 19	Dec. 18	Dec. 15	Dec. 14	Dec. 13	A year ago
Government Secs.	68.49	68.60	68.56	68.80	68.90	68.72	77.80
Fixed Interest	70.83	70.09	70.11	70.11	70.03	70.23	80.17
Industrial	478.2	476.1	474.0	481.0	477.9	480.1	471.9
Gold Mines	141.4	140.2	135.7	130.7	131.9	133.9	[illegible]
Gold Mines(Ex-$ pm)	101.0	101.2	98.8	96.5	96.7	97.6	[illegible]
Ord. Div. Yield	6.09	6.06	6.08	6.00	6.05	6.00	[illegible]
Earnings Y'ld % (full)	15.92	15.99	16.07	15.86	15.92	15.86	[illegible]
P/E Ratio (net) (*)	8.15	8.12	8.08	8.19	8.15	8.10	[illegible]
Dealings marked	3,080	3,403	5,396	5,820	3,944	4,120	[illegible]
Equity turnover £m	—	60.51	65.59	61.10	80.10	[illegible]	[illegible]
Equity bargains total	—	12,585	15,019	12,641	15,559	14,659	[illegible]

10 am 478.4. 11 am 478.9. Noon 478.5. 1 pm 477.8. 2 pm 477.6. 3 pm 477.5.

Latest index 01-246 8026.

* Nil=7.91.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ pm. index started June 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	78.58 (5/1)	67.92 (10/11)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (6/1)	68.80 (13/11)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.6 (14/8)	124.1 (20/11)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm)	132.3 (14/8)	90.3 (20/11)	337.1 (3/4/74)	54.3 (20/6/76)

S.E. ACTIVITY

	Dec. 20	Dec. 19
—Daily—		
Gilt Edged	[illegible]	[illegible]
Industries	[illegible]	[illegible]
Speculative	[illegible]	[illegible]
Totals	[illegible]	[illegible]
—5-day Av'rge—		
Gilt Edged	[illegible]	[illegible]
Industries	[illegible]	[illegible]
Speculative	[illegible]	[illegible]
Totals	[illegible]	[illegible]

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (19)

CORPORATION LOANS (1)
L.C.C. 5pc 82-84
AMERICANS (1)
[illegible]
BEERS (1)
Burtonwood
ELECTRICALS (1)
[illegible]
STORES (1)
Mothercare
ENGINEERING (1)
[illegible]
ELECTRICALS (1)
Electrocomponents
INDUSTRIALS (2)
[illegible]
ENGINEERING (3)
Baker Perkins [illegible]
OILS (1)
[illegible]
FOODS (2)
Avana [illegible]
INDUSTRIALS (3)
Christies Intl. Crean (J.) Dom Hldgs. Fothergill & Harvey [illegible]
MOTORS (1)
Wilmot-Breeden
PROPERTY (1)
Capital & Counties
TEXTILES (2)
Dixon (D.) Sirdar

NEW LOWS (11)

BRITISH FUNDS (4)
Exchqr. 3pc 1981 Treas. 7¾pc '85-88
Exchqr. 3pc 1983 Treas. 7¾pc '12-15

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	[illegible]	[illegible]	[illegible]
Corpns. Dom. and Foreign Bonds	7	4	50
Industrials	323	212	[illegible]
Financial and Prop.	105	49	[illegible]
Oils	13	4	28
Plantation	8	4	20
Mines	63	23	[illegible]
Recent Issues	7	3	[illegible]
Totals	518	[illegible]	[illegible]

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
BATs Defd.	25p	9	255	+3	304	227
Metal Box "New"	Nil/pd.	8	54pm	+2	70pm	48pm
Shell Transport	25p	8	578	+1	602	484
BP	£1	6	924	+4	954	720
Barclays Bank	£1	6	363	−2	372	296
Commercial Union	25p	6	148	+2	164	132
GUS "A"	25p	6	312	+2	340	256
GKN	£1	6	257	+2	298	248
ICI	£1	6	363	−1	421	328
Midland Bank	£1	6	358	—	390	330
Tunnel "B"	50p	6	324	—	335	225
Boots	25p	5	192	−1	237	184
Christies Intl.	10p	5	151	+5	151	70
Courtaulds	25p	5	117	−1	131	109
GEC	25p	5	329	+2	349	233

LONDON TRADED OPTIONS

Option	Ex'rc'se price	January Closing offer	January Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	850	86	5	105	—	125	—	924p
BP	900	37	4	72	—	90	—	"
BP	950	10	7	40	—	63	—	"
Com Union	140	9	—	12	40	19	—	148p
Com Union	160	1½	—	4	15	8	—	"
Cons Gold	180	4½	3	13	17	16	—	176p
Cons Gold	200	1	14	4½	—	9	—	"
Courtaulds	120	4	11	8½	—	11	—	118p
Courtaulds	130	1	3	5	—	7	—	"
GEC	300	33	—	47	2	59	—	329p
Grand Met.	110	5	19	8½	—	12½	5	112p
ICI	330	41	5	43	—	—	—	364p
ICI	360	14	5	22	—	36	—	"
ICI	390	2½	35	9½	15	19	—	"
Land Secs	220	26	—	34	5	38	—	244p
Land Secs	260	1½	—	8½	10	15	—	"
Shell	600	3½	5	20	—	29	—	580p
Totals			116		104		5	
		February		May		August		
BOC Intl.	60	8½	1	10½	—	12½	—	67p
EMI	140	8	—	13	5	18	—	142p
EMI	160	1½	—	5½	6	10	20	"
Totals			1		11		20	

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p:	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
42½	F.P.	24/11	46	43	Arncliffe Hldgs.	43		u2.55	2.4	4.7	6.9
A50.50	F.P.	—	76	61	Ashton Mining 50c	70	−2	—	—	—	—
A$125	F.P.	—	102	100	♦Aust. Farming A$1	102		—	—	—	—
155	F.P.	10/1	176	155	Harris Queensway 20p	173		7.8	5.1	6.7	7.3
29	F.P.	5/1	31	31	Kitchen Queen 10p	29		b1.34	3.4	6.9	4.8
110	F.P.	—	128	115	Mill'ttsL's'reShps20p	128	+3	b5.7	1.8	6.6	12.3

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p:	+ or −
£99¾	F.P.	—	99¾	99½	Anglesey Variable 1983	99¾	
‡	F.P.	—	109p	109p	Assoc. Dairies 9¾% Pref.	109p	
—	£10	26/1	13	11¾	Colne Valley Water 12% Red. Pref. 1983	13	
£1	F.P.	10/11	120	101	Crosby House 10% Conv '87-90	120	
£100p	Nil	5/1	4pm	4pm	Findlay 8% Cnv. Cum. Red. Prf.	4pm	
£100	Nil	5/1	8pm	6pm	Hawley-Goodall 12% Cnv. Uns. Ln. '85-88	8pm	
£1	F.P.	22/12	99p	99p	Newman Inds. 10¼% Acc. Pref.	99p	
£	£10	—	13¼	13	Mid Kent Water 8% Pref. 1984	13¼	
£97½	F.P.	26/1	97	96½	Rickm'sw'th & Uxbridge Water 7% 1986	96¾	
97p	F.P.	5/1	99p	98p	Seascope 10¼% Pref.	99p	

"RIGHTS" OFFERS

Issue Price p:	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p:	+ or −
560	F.P.	8/12 12/1	645	568	Beecham	622	+5
17	F.P.	15/12 26/1	20½	19½	Boulton (Wm.)	19½	
550	F.P.	5/12 12/1	414	375	Brown (J.)	374	
67	F.P.	29/12 9/1	77	71	Capper-Neill	78	
305	F.P.	15/12 19/1	116	107	Clifford (Chas.)	116	+4
193	F.P.	15/12 19/1	116	101	Dixon (D.)	116	+6
45	Nil	3/1 9/2	3pm	2pm	Foster (John)	3pm	+1
130	F.P.	8/12 12/1	147	140	Hoskins & Horton	143	+3
210	Nil	—	52pm	32pm	Lep Group	52pm	
125	F.P.	15/12 12/1	161	155	M. L. Holdings	155	
250	Nil	3/1 9/2	70pm	45pm	Metal Box	54pm	+2
55	Nil	—	13pm	12pm	Milbury	12pm	
185	F.P.	18/12 10/1	235	210	Stothert & Pitt	228	
62	F.P.	18/12 16/1	76	67	Tern Consulate	71	−2
228	Nil	—	9pm	5pm	York Fine Woollen	6½pm	

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. ε Assumed dividend and yield. ◆ Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. ○ Gross. † Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS

GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Wed., Dec. 20, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Tues., Dec. 19 Index No.	Mon., Dec. 18 Index No.	Fri., Dec. 15 Index No.	Thur., Dec. 14 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (172)	234.42	+0.5	17.86	5.54	8.03	233.22	[illegible]	[illegible]	[illegible]	[illegible]
2 Building Materials (27)	205.53	+0.8	18.27	6.26	7.53	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Contracting, Construction (28)	365.14	+0.3	21.01	4.69	6.24	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Electricals (15)	549.66	+0.5	13.54	3.45	10.10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 Engineering Contractors (14)	360.61	+0.7	18.08	5.98	7.52	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Mechanical Engineering (72)	183.33	+0.7	18.39	6.12	7.26	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8 Metals and Metal Forming (16)	162.13	+0.4	16.86	8.82	8.24	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CONSUMER GOODS										
11 (DURABLE) (53)	209.68	+0.7	16.20	5.11	7.94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12 Lt. Electronics, Radio, TV (16)	264.55	+0.9	14.09	3.88	9.57	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
13 Household Goods (12)	167.18	+0.4	18.07	7.27	7.40	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
14 Motors and Distributors (25)	121.66	+0.3	21.33	6.92	5.88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CONSUMER GOODS										
21 (NON-DURABLE) (171)	208.80	+0.4	16.25	6.18	8.20	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22 Breweries (14)	232.65	+0.1	15.78	6.47	7.97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
23 Wines and Spirits (6)	285.91	+0.4	15.21	5.21	9.84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
24 Entertainment, Catering (17)	270.62	+0.7	13.70	6.51	10.65	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25 Food Manufacturing (19)	201.79	+0.1	18.83	5.58	7.06	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26 Food Retailing (15)	225.95	+0.1	13.61	5.21	10.07	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32 Newspapers, Publishing (12)	371.25	+0.4	21.67	6.54	6.51	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33 Packaging and Paper (15)	131.51	+0.7	19.38	8.00	6.73	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34 Stores (40)	193.58	+0.4	12.25	4.91	11.75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35 Textiles (24)	179.90	−0.3	17.82	8.11	7.27	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36 Tobaccos (3)	237.57	+1.1	23.03	7.93	5.04	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37 Toys and Games (6)	92.25	—	25.93	7.01	4.93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 OTHER GROUPS (99)	195.04	+0.1	16.23	6.54	8.00	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Chemicals (19)	276.55	−0.2	16.54	6.84	7.87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43 Pharmaceutical Products (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44 Office Equipment (6)	128.28	+1.9	18.94	6.40	6.78	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Shipping (10)	407.03	+0.1	14.86	7.47	8.54	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46 Miscellaneous (57)	211.45	+0.1	16.70	6.77	7.29	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 INDUSTRIAL GROUP (495)	210.59	+0.4	16.45	5.78	7.84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51 Oils (5)	517.85	+0.3	13.51	3.89	8.03	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59 500 SHARE INDEX	243.30	+0.4	16.00	5.63	8.08	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61 FINANCIAL GROUP (100)	169.22	+0.4	—	5.63	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Banks (6)	197.16	—	23.98	5.98	5.27	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63 Discount Houses (10)	211.87	+0.1	—	6.88	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64 Hire Purchase (5)	166.59	+1.0	14.62	5.15	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65 Insurance (Life) (10)	135.80	+0.1	—	6.69	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Insurance (Composite) (7)	123.90	+0.3	—	7.09	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67 Insurance Brokers (10)	313.19	+0.7	15.27	5.37	9.35	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Merchant Banks (14)	77.54	[illegible]	—	6.32	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 Property (31)	267.71	+0.4	3.72	3.04	43.95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 Miscellaneous (7)	132.77	[illegible]	22.43	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Investment Trusts (50)	202.42	+0.2	—	5.39	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81 Mining Finance (4)	101.38	+0.4	18.54	7.82	6.64	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91 Overseas Traders (19)	294.89	−0.1	16.65	7.95	7.53	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (673)	222.70	+0.3	—	5.72	—	221.99	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Wed., Dec. 20	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	102.58	−0.12	—	9.19
2	5-15 years	110.32	−0.14	0.21	11.06
3	Over 15 years	115.16	−0.13	0.25	14.53
4	Irredeemables	122.76	—	—	13.54
5	All stocks	108.92	−0.12	0.18	11.65

FIXED INTEREST YIELDS

Br. Govt. Av. Gross Red.

			Wed., Dec. 20	Tues., Dec. 19	Year ago (approx.)
1	Low	5 years	[illegible]	[illegible]	[illegible]
2	Coupons	15 years	[illegible]	[illegible]	[illegible]
3		25 years	[illegible]	[illegible]	[illegible]
4	Medium	5 years	[illegible]	[illegible]	[illegible]
5	Coupons	15 years	[illegible]	[illegible]	[illegible]
6		25 years	[illegible]	[illegible]	[illegible]
7	High	5 years	[illegible]	[illegible]	[illegible]
8	Coupons	15 years	[illegible]	[illegible]	[illegible]
9		25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables		[illegible]	[illegible]	[illegible]

		Wed., Dec. 20 Index No.	Wed., Dec. 20 Yield %	Tues. Dec. 19	Mon. Dec. 18	Fri. Dec. 15	Thurs. Dec. 14	Wed. Dec. 13	Tues. Dec. 12	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	65.13	13.46	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
16	Investment Trust Prefs. (15)	50.96	13.72	50.96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
17	Coml. and Indl. Prefs. (20)	72.74	13.89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

‡ Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

LEADERS AND LAGGARDS

The following table shows the percentage changes† which have taken place since December 30, 1977, in the principal equity sections of the FT Actuaries Share Indices. It also contains the Gold Mines Index.

Engineering Contractors	+20.31
Electricals	+19.36
Mining Finance	+14.03
Mechanical Engineering	+13.19
Electronics, Radio and TV	+12.82
Wines and Spirits	+12.49
Capital Goods Group	+11.60
Property	+ 9.01
Oils	+ 7.90
Consumer Goods (Durable) Group	+ 7.60
Newspapers and Publishing	+ 6.71
Contracting and Construction	+ 6.67
Building Materials	+ 6.24
Chemicals	+ 5.81
Textiles	+ 5.29
Gold Mines F.T.	+ 5.25
Overseas Traders	+ 5.08
Food Retailing	+ 4.91
500 Share Index	+ 4.89
Industrial Group	+ 4.34
All-Share Index	+ 3.45
Motors and Distributors	+ 3.19
Tobaccos	+ 3.15
Entertainment and Catering	+ 2.81
Consumer Goods (Non-Durable) Group	+ 2.09
Office Equipment	+ 1.83
Breweries	+ 0.61
Other Groups	+ 0.58
Banks	+ 0.58
Metal and Metal Forming	+ 0.52
Packaging and Paper	+ 0.47
Food Manufacturing	+ 0.32
Stores	− 0.54
Hire Purchase	− 0.67
Financial Group	− 2.26
Investment Trusts	− 2.56
Insurance (Life)	− 3.74
Discount Houses	− 5.61
Merchant Banks	− 5.83
Pharmaceutical Products	− 5.99
Insurance Brokers	− 7.11
Household Goods	− 8.39
Toys and Games	− 8.47
Insurance (Composite)	− 10.72
Shipping	− 13.46

† Percentage changes based on Tuesday, December 19, 1978 indices.

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AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

INSURANCE AND PROPERTY BONDS

CORAL INDEX: Close 475-480

INSURANCE BASE RATES

†Property Growth	11¼%
†Vanbrugh Guaranteed	10.87%

†Address shown under Insurance and Property Bond Table.

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♦ Net of tax on realised capital gains unless indicated by ♦. ‡ Guernsey gross. ¶ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1978 High	Low	Stock	Price £	+ or –	Int. Yield	Red. Yield
42½	34¾	Funding 3½pc '99-04	35xd	–⅛	9.94	11.28
45¼	44⅞	Treas. 12pc '03-05 £45pd	44⅞	–⅛	13.22	13.23
80⅞	65¼	Treasury 8pc '02-06‡‡	66½	–⅕	12.42	12.64
58⅞	46½	Treasury 5½pc '08-12‡‡	46⅞	–½	12.15	12.58
76⅛	61⅛	Treasury 7¾pc '12-15‡‡	61⅛xd	–½	12.47	12.58
98½	90¼	Exch. 12pc '13-'17	91⅞	–⅛	13.10	13.11

Undated

1978 High	Low	Stock	Price £	+ or –	Int. Yield	Red. Yield
37⅛	30⅛	Consols 4pc	32¼	.....	13.05	—
37⅛	28⅞	War Loan 3½pc‡‡	29¾	.....	11.84	—
39¼	33	Conv. 3½pc '61 Aft.	35	.....	10.23	—
28⅞	23	Treasury 3pc 66 Aft.	23¼	.....	12.98	—
24⅛	19¾	Consols 2½pc	20xd	.....	12.44	—
25	19¼	Treasury 2½pc	19¾	.....	13.02	—

INTERNATIONAL BANK

1978 High	Low	Stock	Price £	+ or –	Int. Yield	Red. Yield
101	79¼	5pc Stock '77-82	81¾	.....	6.12	11.20

CORPORATION LOANS

1978 High	Low	Stock	Price £	+ or –	Int. Yield	Red. Yield
98¾	91½	Birm'ham 9¼pc '79-81	92¼	–¼	10.03	12.78
•94¼	87½	Bristol 7¾pc '79-81	87¾	–¼	8.83	12.97
107	98	G.L.C. 12½pc '82	98¾	–¼	12.66	12.96
112	97¼	Do. 12½pc 1983	97¾	–¼	12.79	13.14
97¾	88¼	Glasgow 9¼pc '80-82	89¾	.....	10.31	12.64
94	90¼	Herts. 5½pc '78-80	92	.....	5.71	11.49
102½	88¼	Liverpool 9¼pc '80-84	89	.....	11.07	12.86
29¾	25½	Do. 3½pc Irred.	26½xd	.....	13.36	—
86	81	Lon.Co.6½pc '80-82	82¾xd	–¼	7.86	12.66
99¾	86¾	Do. 9¼pc '84-85	87½	+¼	10.85	12.52
92½	84½	L.C.C. 5½pc '77-81	85¾	.....	6.42	11.71

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
24	17	Antofagasta Rly.	23½	.....	—	—
41	33	Do. 5pc Pref.	39xd	.....	—	—
98	98	Chilean Mixed	98	.....	—	f3.10
415	350	German Yng. 4½pc	415	.....	4½	—
54	46	Greek 7pc Ass.	50	.....	3½	f7.20
51	46	Do 6pc 28 Stab. Ass.	49	.....	6	f6.24
44	40	Do 4pc Mixed Ass.	40	.....	4	f5.13

BONDS & RAILS—Cont.

1978 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
55	42	Hung. '24 Ass.	47½	.....	4½	f6.01
77	65	Iceland 6½pc '83-88	68xd	.....	—	12.80
88	80	Ireland 7½pc '81-83	80xd	.....	7½	13.36
91	76¾	Do 9¾pc '91-96	76¾	.....	—	13.70
425	265	Japan 4pc '10 Ass	355xd	.....	—	—
87	67	Do 6pc '83-88	67	.....	6	12.20
160	140	Peru Ass. 3pc	140	.....	3	2.16
75p	75p	S.G.I. 6½pc 1980	75p	.....	6½	8.67
599	594½	Turin 9pc 1991	594½	.....	9	9.53
DM91	DM81	Turin 6½pc 1984	DM91	.....	6½	8.45
97	94	Uruguay 3½pc	95	.....	3½	4.00

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

1978 High	Low	Stock	£	+ or –	Div. Gross	C'vr	Y'ld Gr's
21¾	13½	ASA	16⅝	+⅛	$1.00	—	3.0
60½	59	AMF 5% Conv. '87	59	.....	5%	—	14.8
38⅜	22	Amax $1	31⅞	+½	$2.20	—	3.5
50⅞	19½	American Express	20¼	+¼	$1.60	—	4.0
24¼	11	Amer. Medic. Int.	19⅞	+1⅛	60c	—	15.4
15⅝	912p	Asarco Inc.	931p	+1	40c	—	2.2

CANADIANS

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CENTRAL AFRICAN

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MINES—Continued

AUSTRALIAN

1978 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
15	9	Acmex 25c	10	.....	—	—	—
140	64	Bougainville 50 Toea	125	.....	†Q8c	1.4	4.0
171	63	BH South 50c	112	−2	—	—	—
820	150	Central Pacific	340	−20	—	—	—
336	148	Conzinc Riotinto 50c	274	+6	‡Q10c	2.2	‡
27	9½	Endeavour 20c	18½	.....	—	—	—
75	45	G.M. Kalgoorlie $1	59	+1	—	—	—
68	18	Haoma Gold N.L.	30	.....	—	—	—
158	81	Hampin Areas 5p	150	−2	♦13.55	2.0	3.5
40	10	Metals Ex. 50c	24½	−1	—	—	—
223	125	M.I.M. Hldgs. 50c	193	+5	Q9c	1.7	2.9
23	10	Minefields Expl.	15	.....	—	—	—
40	10	Mount Lyell 25c	35	+1	—	—	—
7	1½	Newmetal 10c	5½	.....	—	—	—
143	79	North B. Hill 50c	105	+1	Q8c	1.3	4.7
15½	8½	Nth. Kalgurli	11	.....	—	—	—
50	12	Nth. West Mining	23	−1	—	—	—
178	115	Oakbridge $A1	129	+2	Q12c	1.9	10.4
42	10	††Oilmin N.L.	22	.....	—	—	—
70	30	Pacific Copper	60	.....	—	—	—
£15½	725	Pancont'l 25c	800	+25	—	—	—
40	12	Paringa M&Ex 5p	18	.....	—	—	—
570	310	Peko-Wallsend 50c	433	+13	Q15c	♦	2.2
300	50	Southern Pacific	165	+10	—	—	—
164	84	Westn. Mining 50c	134	−1	Q3c	0.7	1.4
100	35	Whim Creek 20c	55	.....	—	—	—

TINS

1978 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
30	23	Amal. Nigeria	24	.....	2.81	1.3	17.4
420	240	Ayer Hitam $M1	310	−5	Q300c	0.5	20.8
60	45	Beralt Tin	56	.....	4.0	♦	11.2
305	190	Berjuntai $M1	205	.....	Q110c	1.0	11.5
185	111	Geevor	155	.....	H5.57	5.8	5.4
11	8½	Gold & Base 12½p	10	.....	—	—	—
350	220	Gopeng Cons.	295	.....	†15.36	0.9	7.7
320	150	Hongkong	312xd	.....	12.5	♦	6.0
93	70	Idris 10p	73	.....	‡12.0	1.6	‡
11	7	Jantar 12½p	9½	.....	—	—	—
84	63	Kamunting $M0.50	64xd	.....	†Q12.5c	2.1	4.2
640	450	Killinghall	620	.....	Q12.36	♦	23.7
470	280	Malay Dredging $M1	350	−5	Q175c	0.7	10.7
78	40	ΔPahang	43	.....	—	—	—
78	50	Pengkalen 10p	60	.....	6.60	1.3	16.4
270	165	Petaling $M1	210xd	.....	Q120c	♦	12.3
87	49	Saint Piran	80	+1	†2.03	6.5	3.9
70	47	South Crofty 10p	60	−1	†4.19	2.0	10.7
245	140	South Kinta $M0.50	165	.....	‡Q145c	0.6	18.9
340	230	Strm Malayan $M1	270	+5	Q190c	1.0	15.1
240	134	Sungei Besi $M1	200xd	−10	mQ65c	5.3	7.0
85	55	Supreme Corp $M1	65	.....	ZQ10c	—	3.3
103	84	Tanjong 15p	103	.....	6.60	0.8	9.6
100	73	Tongkah Hrbr. $M1	85	.....	Q35c	0.7	9.4
270	148	Tronoh $M1	195	.....	‡Q88c	1.6	‡

COPPER

1978 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
104	54	Messina R0.50	56	.....	—	—	—

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
68	35	Barymin	54	.....	—	—	—
17	9	Burma Mines 17½p	13	+1	—	—	—
300	170	Cons. Murch. 10c	170	.....	‡Q30c	2.6	‡
465	245	Northgate C$1	360	+10	—	—	—
263	164	R.T.Z.	228	+2	9.5	2.8	6.2
90	30	Sabina Inds. C$1	40	−2	—	—	—
£12	687	Tara Exptn. $1	700	.....	—	—	—
185	120	Yukon Cons. C$1	170	.....	Q7c	2.9	2.0

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
$15¾	$10¼	Buffels R1	$12½	+⅛	Q170c	1.8	17.0
$11¾	830c	East Drie R1	975c	+15	†Q78c	1.7	9.2
585c	350c	East Rand Prp. R1	380c	−5	—	—	—
$28⅓	$16½	F.S. Geduld 50c	$19¾	.....	Q315c	♦	18.4
$15⅝	575c	Pres. Brand 50c	$11⅞	−¼	Q150c	♦	15.2
$13⅞	900c	St. Helena R1	$10½	.....	Q190c	♦	20.9
465c	313c	Stilfontein 50c	465c	.....	†Q22c	2.3	5.5
$18⅝	$11¼	Vaal Reefs 50c	$18½	−⅛	Q715c	3.3	7.2
$37	$25	West Drie R1	$32¼	+⅝	Q385c	1.7	13.8
$31¼	$19	West Hldgs. 50c	$22⅝	+⅛	Q415c	♦	21.2
$12½	895c	Western Deep R2	$10½	.....	Q82.5c	2.4	9.1

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ■ "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend, cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 32

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or —
Albany Inv. 20p	26	.....
Ash Spinning	67	.....
Bertam	15	.....
Bdg'wtr Est. 50p	323	.....
Clover Croft	23	.....
Craig & Rose £1	615xd	.....
Dyson (R. A.) A	35	.....
Ellis & McHdy	66	.....
Evered	23	.....
Fife Forge	52	.....
Finlay Pkg 5p	21	.....
Graig Ship. £1	148	.....
Higsons Brew	74	.....
Holt (Jos) 25p	252	.....
I.O.M. Stm. £1	195	+3
N'thn Goldsmith	72	.....
Pearce (C. H.)	198	.....
Peel Mills	22	.....
Sheffield Brick	52	−1
Sheff. Refrshmt	67	.....
Sindall (Wm.)	118	.....

IRISH

Stock	Price	+ or —
Conv 9% '80/82	£90	.....
Alliance Gas	99	.....
Arnott	350xd	.....
Carroll (P.J.)	95	.....
Clondalkin	103	+4
Concrete Prods.	130	.....
Heiton (Hldgs.)	50	+3
Ins. Corp.	168	.....
Irish Ropes	105	.....
Jacob	50	.....
T.M.G.	195	+5
Unidare	88	.....

OPTIONS
3-month Call Rates

Industrials					
A. Brew	6½	I.C.I.	20	Tube Invest.	30
A.P. Cement	10	"Imps"	6	Unilever	35
B.S.R.	9	I.C.L.	20	Utd. Drapery	7½
Babcock	11	Inveresk	8	Vickers	15
Barclays Bank	25	KCA	3	Woolworths	5
Beecham	35	Ladbroke	17	**Property**	
Boots	15	Legal & Gen.	14	Brit. Land	3¼
Bowaters	16	Lex Service	7	Cap. Counties	4½
B.A.T.	24	Lloyds Bank	22	E.P.	5
British Oxygen	6	"Lots"	4	Intereuropean	4
Brown (J.)	20	London Brick	5	Land Secs.	16
Burton 'A'	12	Lonrho	5	MEPC	12
Cadbury's	5	Lucas Inds.	25	Peachey	8
Courtaulds	10	Lyons (J.)	10	Samuel Props.	9
Debenhams	8	"Mams"	7	Town & City	1¼
Distillers	15	Mrks. & Spncr	10	**Oils**	
Dunlop	7	Midland Bank	25	Brit. Petroleum	45
Eagle Star	11	N.E.I.	12	Burmah Oil	5
E.M.I.	14	Nat. West. Bank	22	Charterhall	3
Gen. Accident	17	Do. Warrants	10	Shell	28
Gen. Electric	18	P & O Dfd.	8	Ultramar	20
Glaxo	40	Plessey	8	**Mines**	
Grand Met	9	R.H.M.	5	Charter Cons.	12
G.U.S. 'A'	20	Rank Org 'A'	18	Cons. Gold	14
Guardian	18	Reed Intnl.	12	Rio T. Zinc	16
G.K.N.	22	Spillers	3		
Hawker Sidd.	20	Tesco	4		
House of Fraser	12	Thorn	22		
		Trust Houses	15		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Thursday December 21 1978

Half of pay settlements within limit

BY DAVID FREUD

MORE THAN 1m employees in big industrial groups have reached wage settlements in the first five months of this pay round, a figure in line with the number of agreements at the same time last year.

The Department of Employment said yesterday that about half the settlements had been officially acknowledged to be within the 5 per cent limit of Phase Four of the Government's pay policy.

Seven big settlements were still being considered by the department, the most important being that covering 350,000 garage mechanics and motor salesmen, and one covering 132,000 workers in the grocery industry.

The only Phase Four settlements officially considered to be in breach of the Government limit are those involving 58,000 workers at Ford Motor and 3,300 at BOC International.

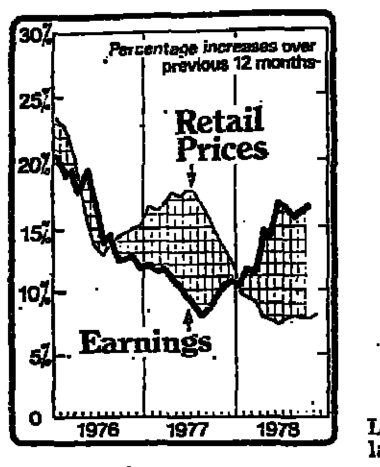
It is too early to draw any firm conclusions from the index of average earnings. The provisional October figure for the new index, covering 21m employees, shows that earnings rose 1.1 per cent in the first three months of Phase Four.

In that period 200,000 workers in major groups settled, slightly more than over the same three months last year. The 1.1 per cent compares with 0.8 per cent in August-October last year, but the discrepancy is probably due to the disproportionate effect of backpay when moving to a tighter wage policy.

Growth slowed

On a year-on-year basis, the growth in average earnings slowed in October to 14.6 per cent, compared with 15.1 per cent in September.

About 0.5 per cent of the annual increase was due to substantial back pay in the shipbuilding and electrical engineering industries in October. Phase Three increases paid for the first time to 140,000 industrial civil servants also increased the index.



The new index is provisionally estimated at 135.1 in October, compared with 134.2 in September (January 1976=100, not seasonally adjusted).

The old index of earnings, based on about 11m employees mainly in production industries, again showed a rather bigger movement. It rose 1.9 per cent in October for a year-on-year increase of 16.4 per cent compared with 16.2 per cent in September.

The old index was 344.4 in October (January 1970=100, seasonally adjusted) compared with 338.0 in September.

Basic weekly wage rates were unchanged between October and last month (at an index figure of 270 (July 1972=100). This resulted in a drop in the year-on-year increase from 17.7 per cent in October to 16.8 per cent last month. These figures take account only of nationally-negotiated rates.

Pay settlements risk Page 6

Little pressure for big wage rises, says CBI

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

LEADING industrialists claimed last night that there is no evidence of widespread pressure in the private sector for basic pay rises much in excess of 5 per cent, in spite of Ford Motor's 17 per cent settlement and the Government's decision to end sanctions.

Today the Confederation of British Industry will meet the Prime Minister to discuss pay issues and argue that this pattern should not be endangered by high wage offers in the public sector.

It is likely to agree to have monthly meetings with the Government to review the impact of wage and price rises on the economy, in parallel with the meetings agreed by the TUC for the same purpose two days ago.

Oppose

But it will strongly oppose any extension of price controls, following the Treasury confirming last night that all pay sanctions are to cease.

It is also likely to cast doubt on the value of the suggestion made on Tuesday night, by Mr. Denis Healey, Chancellor of the Exchequer, that he might introduce income tax cuts in his spring Budget if there is no wage explosion this winter.

Yesterday the Confederation sent the Prime Minister and Mr. Healey a memorandum on public spending which warns that a "contractionary Budget" may be needed. "Excessive pay claims currently threaten both to lead to accelerating inflation and to limit the scope in the Budget for reducing income tax," says the memorandum.

Last night, however, after its monthly council meeting, the Confederation's leaders were more interested in stressing the relatively low levels of recent wage settlements than in boosting pay expectations by dwelling on the higher levels of claims, many of which are running at 20 to 30 per cent.

Sir John Methven, the director general, emphasised that the Confederation's pay data bank shows that 90 per cent of 1m people who have settled so far this winter have been broadly within the Government's pay guidelines.

However, this figure drops to just under 80 per cent if those who have received rises of more than 5 per cent under exemptions for low-paid workers are excluded. It also does not take account of productivity rises which have been recorded for some 200,000 workers, which add about 3 or 4 per cent or more to some deals.

Chance

But the most significant point to emerge was that the 280 industrialists and representatives of employers' federations at yesterday's council meeting did not sound any alarms about the risk of workers wanting existing deals re-opened and high claims met. Sir John said there was "no intention of any pressure to re-open" in the meeting.

This means the Confederation still believes there is a chance of this year's pay round producing an eventual national earnings increase of about 10 per cent compared with the 14.6 per cent for the last pay round shown in the Government's October pay statistics.

The formal announcement of the ending of pay sanctions in last night's Treasury statement indicated that the Government has abandoned all aspects of the sanctions system. Clauses inserted in public sector contracts, industrial assistance offer letters, and other official documents "will not be acted on" said the statement. Such clauses would "not be inserted" in the future.

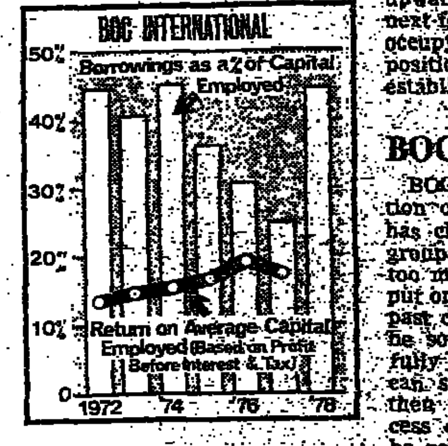
● Some £2.5m may be spent by the Confederation on modernising and converting Centre Point, the controversial Tottenham Court Road office block in the centre of London, which the Confederation is considering making its head office.

THE LEX COLUMN

Hopes deferred at S & N Breweries

If the financial markets had really believed in the Chancellor's hints of tax cuts they would have turned sharply weaker yesterday. But the City does not believe there can be any genuine fiscal relaxation in the spring Budget, and the stock market made little response one way or the other, with the earnings figures adding little to previous knowledge about wage trends. The chief stock market feature, indeed, was the lack of activity, with only just over 3,000 bargains marked.

Index rose 2.1 to 478.2



S and N

There are no mitigating circumstances this time for Scottish and Newcastle Breweries. It was not can shortages or industrial disputes that caused the fall in half time profits. The cause lay in S and N's well-established problems—too little lager, tough competition in the free trade, and a relatively small involvement in faster growing activities like the wines and spirits trade.

S and N is heading for a third year of decline in the volume of wholesale beer sales which account for 65 per cent of its profit. The newly restructured management knows that this situation will take time to turn round. Meanwhile the company faces the increased financing costs on the investment—£45m in the current year—needed to achieve this. It was a deterioration on financial items of £1.2m in the first half that turned a slim gain in operating profit into a decline at the pre-tax level from £22m to £21.6m for the first six months.

With no increase in S and N's beer prices likely until close to the end of the company's year it is up to the other businesses to prevent a decline in full year profits. Pubs, of which S and N has relatively few, and which contributed one fifth of last year's profits, are expected to do slightly better. A more emphatic gain will come in the Hotels and Wines and Spirits activities which together make about 15 per cent of group profits. The contribution from S and N's share in Harp Lager remains static, reinforcing the impression that this joint venture is becoming incompatible with its owners' own aspirations in the lager market.

The half-time message from S and N seems to be that those who regard this company as a recovery stock are going to have their patience tested. In the meantime S and N will probably raise the dividend by 10 per cent to preserve the income attraction of the shares. At last night's price of 61p the shares prospectively yield 9.2 per cent which remains well above the sectoral average of 6.5 per cent.

Money rates

Where do interest rates go now? A few weeks ago, when UK Money market rates were easing back a trifle, it looked as though Minimum Lending Rate had, if anything, been pushed too high. But now the renewed firmness of U.S. interest rates is again casting a shadow over Lombard Street. Yesterday the federal funds rate was nudging the psychological level of 10 per cent, although it was not clear just how far the Federal Reserve had raised its target rate. Chemical Bank led the prime rate field, edging up to 11¾ per cent—just one notch below the all-time record peak of 12 per cent hit in 1974. With U.S. credit demand still strong, and the dollar continuing under pressure on the foreign exchanges, the fear is that prime rates will climb into new high ground within the next few weeks.

Sympathetically, there was a slight easing of gilt-edged prices in London yesterday. Yet the discount market appears to be divided on the near term prospects for money rates in the UK, and there is room for debate about how closely London rates need follow the New York trend. In theory, with sterling at present enjoying a relatively stable float, there might seem no great reason for upward pressure. But in the next few months sterling will be occupying a potentially sensitive position relative to the newly established EMS block.

BOC International

BOC International's acquisition of Airco earlier this year has changed the profile of the group so fundamentally that too much weight should not be put on the performance over the past couple of quarters. It will be some years before Airco is fully integrated into BOC and can show its true paces—until then judgment about the success of the move will have to be reserved.

In the short term the most visible impact of the Airco acquisition is on turnover—up from £670m to £1.2bn—and on the balance sheet where capital employed has shot up from £619m to £1,113m and net borrowings have jumped from £154m to £497m. By contrast the profit outturn looks far more pedestrian. After debiting £18.4m for Airco's profit attributable to outside shareholders, BOC's pre-tax profits in 1977/78 are £15.7m lower at £66.5m.

At the operating level the performance looks a little more impressive with profits, swelled by the consolidation of Airco, rising by £62m to £177m. However, knock off £28.7m of extra depreciation, an additional £11.3m of interest and a £19.4m reduction in the contribution from associated companies and there is not much growth left. Admittedly, pre-tax profits would have been closer to the previous year's £82.2m if the European business had not suffered a fall of more than a third in its profits.

There is plenty of recovery potential on this side of the business which should boost profits in the current year and the losses on Airco's important ferro alloys business should also disappear. Against this, the interest charge could rise from last year's £31m to closer to £50m and group pre-tax profits are unlikely to climb above £80m. In the short term, however, the main cloud overhanging the shares, which yield 7.8 per cent at 86½p, is the possibility of another rights issue.

PM 'will not allow' manifesto dissent

BY ELINOR GOODMAN, LOBBY STAFF

THE PRIME Minister made it clear yesterday that he would not tolerate any Ministers dissenting from Cabinet policies in discussions over the contents of the Labour Party's next manifesto. Without actually referring to Mr. Anthony Wedgwood Benn, the Energy Secretary, by name, he told a sometimes angry meeting of Labour's National Executive Committee that any Minister who could not abide by the doctrine of Cabinet collective responsibility always had the alternative of resigning.

To the relief of moderates in the party, the meeting agreed that the controversial proposals for the next manifesto prepared by Transport House staff and leaked in the Press last week should be treated only as a preliminary basis for the NEC's contribution to the manifesto discussions. Mr. Callaghan received the support of two union leaders for his policy of toning down the manifesto proposals.

Letters pointing out that the document leaked in the Press went much further than agreed with the TUC were sent to the meeting by Mr. Bill Sirs, general secretary of the Iron and Steel Trades Confederation, said Mr. Sid Weighell, general secretary of the National Union of Railwaymen.

If other union leaders were to follow suit, their support could be invaluable to the moderates in the party who are outnumbered by the Left-wingers on the NEC, and who are alarmed at the electoral implications of some of the more extreme proposals circulated last week.

The meeting was not all good news for the Prime Minister, however; a motion was passed which could mean that the Labour Party will go to the polls next year with two different lines on the EEC. While the manifesto for the Westminster elections has to be agreed jointly between the NEC and the Cabinet, the executive voted yesterday against allowing MPs to make any direct contribution to the manifesto for the election to the European Parliament.

Given the NEC's hostility towards the EEC, the manifesto for the European elections is likely to take a far more negative approach to the Community than the sections concerning Europe in the manifesto for the Westminster election.

The Prime Minister's reassertion of the doctrine of collective responsibility came at yesterday morning's meeting of the full NEC meeting, which saw demonstrated the very strong feelings some executive members have about Ministers' right to speak out. It followed a letter from Mr. Eric Heffer, the Left Wing MP for Walton, calling for a meeting with the Prime Minister on the question of the freedom of Cabinet Ministers to make their own views clear in discussions over party policy.

Fresh bid to revive Mideast peace talks

By David Lennon

TEL AVIV—Israel and Egypt will attempt to find a way to renew stalled peace talks when Mr. Moshe Dayan, Israel's Foreign Minister, and Mustapha Khalil, the Egyptian Prime Minister, meet during the weekend.

The unexpected meeting, announced last night, was arranged by Mr. Cyrus Vance, the U.S. Secretary of State, who may also attend. The talks are expected to take place on Saturday or Sunday.

The year-long negotiations between Egypt and Israel appeared to enter a deep crisis last week with the collapse of Mr. Vance's Middle East shuttle after Israel rejected new Egyptian proposals for resolving the deadlock.

The Israeli Cabinet and Parliament blamed Egypt for the failure to complete the peace agreement within the three-month negotiating period set at the Camp David summit. Israel also accused the U.S. of contributing to Egyptian back-sliding from the Camp David framework by supporting Cairo's new demands.

However, it emerged last night that Mr. Vance had won Egyptian acceptance for the Dayan-Khalil meeting when he was in Cairo last Friday. Israel was informed of this only yesterday. No one in Jerusalem was able to explain the reason for the delay.

Mr. Dayan flew to Brussels last night for meetings with EEC foreign ministers. The purpose of his journey was to discuss economic issues and to explain Israel's rejection of the Egyptian proposals.

BL men vote 2-1 in favour of pay deal

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

BL CARS' 100,000 manual workers voted by a two-to-one majority yesterday to support the company's pay offer, which will add 15.5 per cent to its annual wage bill.

More than 25,000 workers voted against the offer, and management will regard this as disappointing.

The opposition reflects the number of workers at high paid plants, such as Coventry and Solihull, who gain little more than the 5 per cent pay increase allowed under Government guidelines.

BL, as a state-owned concern, will inevitably find itself held up as a test case for the Government pay policy.

Mr. Bill McLean, BL Cars' employee relations director, said last night that the vote marked only "the first step in the long road to recovery."

The company has offered a 5 per cent pay rise backdated to November 1, this year. In addition, employees at low paid plants such as Cowley and Longbridge will receive parity payments worth between £8 £10 a week in a move towards the same pay for the same job.

Controversy has been aroused by the company's decision to honour from February 1 next year overtime and shifts payments negotiated by the Engineering Employers' Federation. These are worth an average of £4 a week to plants such as Longbridge.

BL is justifying its award on the grounds that increases will be self-financed through higher productivity. The company is currently seeking around 7,000 redundancies.

The testing time will come in February, when management must decide whether productivity has improved enough to justify the payments.

Mr. Michael Edwardes, BL chairman, has emphasised that he will adhere strictly to the Government pay guidelines. The productivity improvements could be achieved easily by a reduction in unofficial disputes, which would lead to continuity of production.

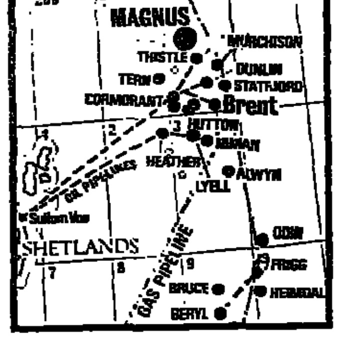
Without that, management will be confronted with the difficult decision of whether to refuse workers the promised pay increase.

BP given go-ahead for Magnus field

BY SUE CAMERON

THE GOVERNMENT has given British Petroleum the go-ahead to start developing the Magnus field—the deepest yet drilled in the North Sea.

Approval for the development of the Magnus field has been held up by discussions over its gas reserves. At one point there were suggestions that BP might want to flare the gas, but last week the company denied this and explained that the debate was simply over how the gas should be brought ashore.



A decision has now been reached to try to link a gas-gathering system on the Magnus field with the Shell/Esso Brent gas pipeline. The Department of Energy yesterday admitted that this could present technical difficulties, but it stressed that the collection of gas from Magnus had been a "major factor" in considering BP's plans for developing the field.

BP has undertaken to make the gas available at the foot of the Magnus platform, and the British National Oil Corporation and the British Gas Corporation are ready to co-operate in financing a gas-gathering system. The intention is that the system will deliver gas from Magnus and other nearby fields to the Shell/Esso Brent pipeline.

Dr. Dickson Mabon, Minister for Energy, said yesterday that "further detailed evaluation" would be required of the technical "possibilities and constraints of doing this. Shell and Esso had assured him that they were willing to co-operate in these studies "while avoiding prejudice to their interests in the Brent system."

Total investment in the Magnus field will be £1.25bn. Its oil reserves are estimated at 60m tonnes, and it is expected to have a peak production rate of 120,000 barrels a day. Peak production for gas is estimated at 50m cubic feet a day. Production, from a steel platform set in 600 feet of water, is scheduled to start in 1983.

BP Petroleum Development is the operator and sole licensee for the field, but BNOC will become a licensee through the implementation of a participation agreement signed in February last year.

The Magnus field lies about 100 miles to the north-east of the Shetlands. Oil from it will flow through a pipeline to the Ninian field and then through the existing pipeline to the terminal at Sullom Voe.

Coal Board pension fund may invest in U.S.

By John Brennan

THE National Coal Board pension fund is negotiating its first property investment in the U.S. The fund, which holds a £380m property portfolio, said yesterday that it was discussing the $50m to $60m purchase of First National Bank of Atlanta's 41-storey headquarters building in Atlanta, Georgia.

In Atlanta, First National said it was holding "definitive" talks for the sale of its 750,000 sq ft office tower. The bank expects details of the sale to be agreed early in the New Year.

Mr. Thomas R. Williams, chairman of First National Bank Holding Corporation, said the 11-year-old building, which cost $30m (£14.8m) to build, would remain the bank's headquarters. "The proposed agreement calls for a long-term lease with renewal options, and provides that First National will remain responsible for management of the property," he added.

The Coal Board's pension fund is expected to follow the property financing route taken by other British nationalised industry pension funds already active in the U.S. market, by raising around 80 per cent of the purchase cost in the form of local mortgage money.

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French demands

high."

Moreover, the EEC Commission is proposing a general farm price freeze for 1979-80, so any reduction in MCAs would bring a sharp drop in incomes for German farmers and the Benelux countries, whose governments would therefore oppose such a move.

This is particularly true of Germany, where Chancellor Helmut Schmidt's coalition relies heavily on the support of the Free Democrats of which Herr Ertl, champion of Bavarian farmers, is a leading member. Herr Ertl has threatened before to resign rather than accept any move which might cut his farmers' incomes.

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Prime rates

readily justify moves to force up interest rates and try to tighten credit since it can argue that the risk of inducing a recession are lower.

The surprising strength of the economy will undoubtedly add to Wall Street's anxieties about the underlying rate of inflation, fears which have been fanned by the OPEC oil price increase and by admissions from Administration officials that inflation will be worse next year than they expected.

Mr. Blumenthal said yesterday that he expected the consumer price index to rise by more than 7 per cent next year. Previously the Administration had been forecasting a 1979 inflation rate of 6 to 6.5 per cent.

Wall Street is already reappraising its inflation forecasts and long term bond prices have been under heavy pressure this week.

Short term money rates are also rising again, partly under the influence of the Federal Reserve's open market intervention but also because of strong credit demands.

Some banks are said to have paid 11⅜ per cent yesterday for funds raised through the issue of six month certificates of deposit. And on Tuesday Citicorp paid more than 11 per cent for funds at its weekly sale of commercial paper.

Weather

UK TODAY

SLEET, or snow at times. Night frost.

London, S., W. and N.W. England, Midlands, Wales, Channel Is.

Some light snow. Brighter intervals. Max. 4C (39F).

E. and N.E. England

Cloudy. Wintry showers. Max. 4C (39F).

I. of Man, S. and Cent. Scotland

Sleet or snow. Max. 4C (39F).

Highlands, Scottish Islands, N. Ireland

Dry at first, light snow later. Max. 4C (39F).

Outlook: Cold, but becoming mainly dry.

BUSINESS CENTRES

		Y'day midday °C	°F			Y'day midday °C	°F
Amsdm.	C	-3	27	Mnchstr.	F	3	37
Bahrain	S	21	70	Melbne.	C	15	59
Beclona.	C	8	46	Mex. C.	S	20	68
Belfast	S	4	39	Milan	C	2	36
Belgrade	C	0	32	Montreal	C	-9	16
Berlin	C	-3	27	Moscow	S	-15	5
B'ham	C	0	32	Munich	Sn	-3	27
Bristol	C	-1	30	Nwcstle.	C	0	32
Brussels	C	-2	28	N. Delhi	S	21	70
Budpest	Sn	1	34	N. York	C	1	34
B. Aires	C	28	82	Oslo	C	-4	25
Cairo	S	22	72	Paris	C	0	32
Cardiff	C	1	34	Perth	S	26	79
Chicago	R	2	36	Prague	C	0	32
Cologne	Sn	-4	25	Reykjvk.	S	-2	28
Copnhn.	C	2	36	Rio J'o	S	27	81
Dublin	F	4	39	Rome	F	13	55
Ednbgh.	S	-2	28	Singpr.	R	27	81
Frankft.	Sn	-3	27	Stckhlm.	C	-4	25
Geneva	S	3	37	Strsbrg.	S	1	34
Glasgow	F	0	32	Sydney	S	19	66
Helsinki	S	-13	9	Tehran	S	4	39
H. Kong	C	17	63	Tel Aviv	Fg	17	63
Jo'burg	C	24	75	Tokyo	C	8	46
Lisbon	C	7	45	Toronto	C	-5	23
London	Sn	-2	36	Vienna	C	1	34
Luxmbg.	C	-5	23	Warsaw	C	1	34
Madrid	C	0	32	Zurich	C	-1	30

HOLIDAY RESORTS

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	12	54	Istanbul	F	11	52
Algiers	F	14	57	Jersey	C	0	32
Biartz.	C	4	39	*L. Plms.*	F	20	68
Bickpl.	F	0	32	Locarno	C	2	36
Bordx.	F	3	37	Majorca	F	16	61
Boulgn.	C	-2	28	Malaga	F	11	52
Cblnca	C	12	54	Malta	S	18	64
Cape T.	C	25	77	Nairobi	R	20	68
Corfu	S	18	64	Naples	S	14	57
Dbrvnk.	F	15	59	*Nice*	S	10	50
Faro	C	11	52	Oporto	S	8	46
Florence	F	6	43	Rhodes	C	16	61
Funchal	R	14	57	Salzbg.	Sn	-1	30
Gibraltar	R	12	54	Tangier	C	10	50
Gurnsy.	C	1	34	Tenerife	C	16	61
Innsbrk.	F	-1	30	Tunis	S	16	61
Invrnss	C	1	34	*Valencia*	C	7	45
I. Man	F	4	39	Venice	C	2	36

S—Sunny. F—Fair. C—Cloudy. R—Rain. Sn—Snow. Fg—Fog.

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